



about  
**basic income  
scheme**

Do you want a  
poor divided society?

Of course not. Nobody does. But that's the way it's going. Unemployment soars and the politicians are stumped for answers.

With unemployment comes poverty, and it's not only the unemployed who are poorer. Our whole society is poorer for the wasted skills and talents of the unemployed – for the work they haven't done, the things they haven't made, for the services they haven't given.

With poverty comes fear and division. Most of those with work get richer. The unemployed, the low paid, pensioners, the disabled, single-parent families, all find it harder and harder to make ends meet. While most have more than ever before, 12 million of us live in real hardship.

This division in society has already produced despair and hopelessness, crime, violence, racism, mental illness and suicide.

There is one reform that would do more than any other measure to stop the rot. It is called the **Basic Income Scheme**. This leaflet explains:

- how it would work.
- how it would affect your income.
- what its advantages are.
- how much it would cost.
- where the money would come from.

## How The Basic Income Scheme Would Work

The **Basic Income** is a weekly payment made to everyone, whether they have a paid job or not. It would replace:

- the existing income tax personal allowances.
- the existing chaos of welfare payments – unemployment pay, supplementary benefit, widows' and child benefits, student maintenance grants, old age pensions, sickness and disability allowances, family income supplement, etc.

The **Basic Income** would be paid to all those over 16 either by means of an order book, cashable at the local post office, or by Giro Account. Payments for children under 16 would be made in the same way to the responsible adults. Emergency payments would still be available, in addition to basic benefits.

The first £10 per week income would be tax-free, but there would be no other personal allowances. Employer's and Employee's National Insurance would be abolished. Each person would be taxed as an individual in the same way, whether married or not.

Inside this leaflet are the main advantages of the **Basic Income Scheme**, together with our suggested basic rates and how this would affect your income.

On the back page we show how the **Basic Income Scheme** could be paid for and how you can help campaign for it.



**NOW THAT WE HAVE THE BASIC INCOME SCHEME, WHERE DO WE FIND OUR WAGE SLAVES?**

The **Basic Income Scheme** isn't a dream. It is a possible, entirely practicable way of attacking poverty and getting people back to work. All it needs is for enough of us to want it enough to make it happen.

# The advantages of th

## The Basic Income Scheme is Good

**For the Unemployed** – the present system effectively forbids unemployed people from doing paid work if they claim benefit. For many, this means that they have to live outside the law in the so-called 'black economy', forever looking over their shoulders in fear of the DHSS snoopers. Since there aren't and obviously won't be enough full-time, old-style jobs for everyone, the black economy should be brought within the law and allowed to grow, rather than be repressed as it is now. The **Basic Income Scheme** would allow the unemployed to find casual or part-time work or to start their own businesses or co-operatives legally and without loss of benefit. In this way it would be similar to the present Government's Enterprise Allowance Scheme, except that it would be available to all and would not be limited to one year.

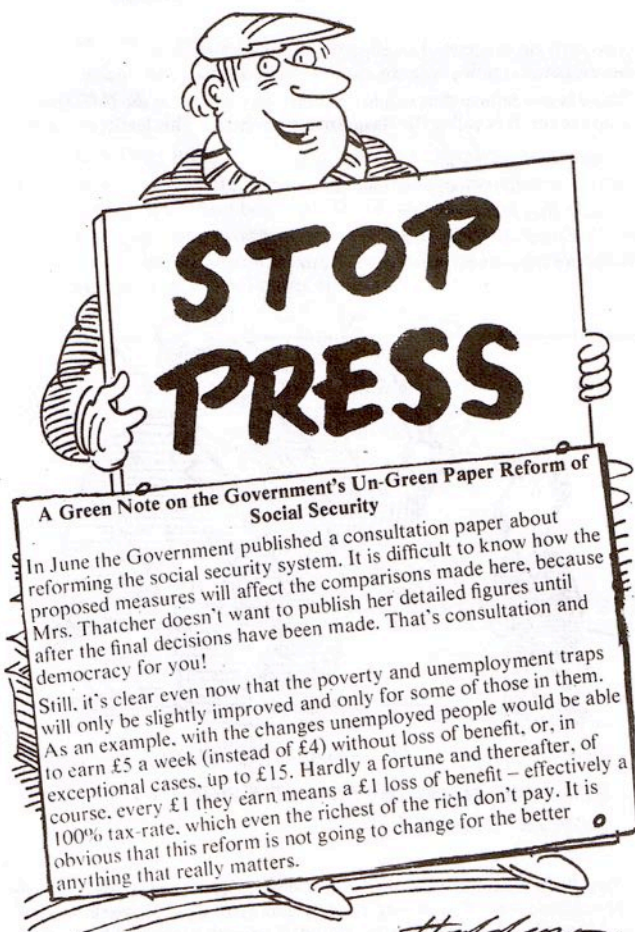
**For the Self-Employed** – the **Basic Income Scheme** would remove the present discrimination against the self-employed, who currently cannot claim unemployment benefit. They would receive the **Basic Income** as a right. This would help existing small businesses to get through a 'bad patch' without having to fold, while those who would like to be self-employed but are put off at the moment by the risk to their income would be more likely to take the step with the guarantee of the **Basic Income Scheme**.

**For the Low-Waged** – the **Basic Income** would underpin the wages of the low-paid, especially families. Employed people would pay more income tax but, because they would also be receiving their **Basic Income**, those earning less than average income would on balance be better off.

**For Married Women** – the **Basic Income** would be payable to all women and would replace the present married man's tax allowance for his wife. Employed wives would no longer be taxed unfairly, nor would they be ineligible for benefit on becoming unemployed. Wives working at home would receive their own independent income as a right, thus making a reality of the concept 'wages for housework'. Since the **Basic Income Scheme** would also encourage part-time working and job-sharing, it would help to encourage a more equal sharing of child care and household tasks between men and women.

**For Pensioners and the Disabled** – the **Basic Income** would be paid at least at the same rate as present benefits, and would go up with inflation. The present earnings rule would be abolished, and a higher rate of **Basic Income** would be paid to both men and women from the age of sixty.

**For Unemployed Couples** – the **Basic Income** would be payable to both men and women irrespective of marital status or 'cohabitation'. Thus each member of a couple would receive an independent income each, without having to pretend they are living separately when they are not.



## The Basic Income Scheme is the key to a whole new attitude to work and employment.

Payment of the **Basic Income** to everyone in or out of work would remove the stigma which still attaches to unemployment and emphasise the fact that much vital work (child-rearing, community and social work, housework, voluntary work) is not done as a paid job. The old attitude that everyone (or at least every man) should be at work 40 hours a week between the ages of 16 and 65 is totally outdated. The new technology should give us all more leisure time, and we must get away from the idea of creating work simply for the sake of 'full employment'. Instead we should, by means of the **Basic Income Scheme**, provide a basis for work which is socially useful as well as rewarding and satisfying in itself.

### SUGGESTED WEEKLY RATES FOR THE BASIC INCOME (in terms of the cost of living at May 1985)

- Basic Income** £28 for a person of 16 or more  
£12 for a child under 16
- Age supplements**, on top of the Basic Income, for persons over 60:  
£7 at 60-64, £20 at 65-84, £26 at 85 and over
- Additional supplements** would be paid for sick and disabled people, and for expectant mothers, single parents, etc
- Housing benefit** would be paid in addition to the Basic Income.
- For brevity, we have here assumed housing benefit levels as at May 1985, though we plan an improved and more generous scheme.

# Basic Income Scheme

## The Basic Income Scheme Would

**Abolish the unemployment trap.** At present, loss of benefits can make someone who takes a job worse off than before. The **Basic Income** is never withdrawn, so that, with this Scheme, someone taking a job, especially at low earnings, would take home a large proportion of the pay on top of her/his Basic Income (see the 'Incentive to Work' column in the Table below). The **Basic Income Scheme** means that even a low-paid job is worth having, because any wage will bring in more than unemployment with the **Basic Income** alone. This would make a real impact on unemployment.

**Abolish the 'poverty trap'** – the situation, all too common today, where a pay-rise can actually make people worse off, because means-tested benefits are withdrawn (look at the case in the table below of a family with earnings rising from £80 to £100). In contrast, with the **Basic Income Scheme**, if you earn more you always end up with more cash.

**Give security but also an incentive to work.** The **Basic Income Scheme** provides security of income, while increasing the incentive to work by abolishing the unemployment and poverty traps.

**Restore the incentive to save.** At present supplementary benefit is denied to anyone with savings of more than £3,000. This reduces the incentive to save for anyone who thinks that one day they might have to depend on supplementary benefit. However, the **Basic Income** would be paid whatever one's savings.

**End means-testing for benefits.** At present claimants are subjected to means tests, often of a repugnant nature, in respect of about 45 different benefits. The **Basic Income** would be paid unconditionally and means-testing would be abolished.

**Bring higher job-satisfaction.** No less important than the right to work is the right *not* to work. With the **Basic Income Scheme**, no-one would have to accept unpleasant employment as the alternative to having benefit cut off. Workers could better afford to change their jobs and this would give employers more incentive to improve working conditions.

**Promote work-sharing and part-time work,** since many people would prefer to work part-time, if they could obtain a living-wage by it. Because National Insurance for both employer and employee would be abolished, with the **Basic Income Scheme** it would cost an employer no more to employ two people part-time than one person full-time.

**Encourage more voluntary work.** With an assured **Basic Income**, more people would feel able to undertake unpaid work, to help the community, care for the handicapped, promote particular causes etc. They might either combine this with part-time paid work or even do voluntary work full-time.

**Stop people falling through the welfare net.** The present welfare system is so complicated that many of those most in need don't even know what they're entitled to. The **Basic Income** would simply be paid to everyone.

### HOW THE BASIC INCOME SCHEME WOULD AFFECT YOUR INCOME

The Basic Income (BI) payments would increase your spending money. But the increases in taxation would reduce it (for details see back page). The net effect on the £'s in your pocket is shown in the table below.

A. Single person. Rent, rates and water rate £19 per week. BI is £28 + housing benefit, which is assumed to be as at May 1985.

Weekly income before tax or benefit	Under present system		Under BIS		Gain or loss under BIS
	Disposable income*	Incentive to work**	Disposable income	Incentive to work**	
£ 0	£ 47	£ -	£ 47	£ -	£ 0
20	51	-2	65	12	+14
40	49	-4	74	21	+25
60	61	8	78	25	+17
80	66	13	81	28	+15
100	74	21	86	33	+12
150	104	51	111	58	+7
200	142	89	136	83	-6
400	283	230	231	178	-52
600	395	342	298	245	-97
1,000	628	475	392	339	-236

B. Couple and two children. Rent, rates and water rate £22.75 per week. BI is £21 + £21 + £12 + £12 + housing benefit, which is assumed to be as at May 1985:

Weekly income before tax or benefit	Under present system		Under BIS		Gain or loss under BIS
	Disposable income*	Incentive to work**	Disposable income	Incentive to work**	
£ 0	£ 94	£ -	£ 103	£ -	£ +9
20	98	-2	120	11	+22
40	102	2	128	19	+26
60	110	10	135	26	+25
80	109	9	142	33	+33
100	105	5	148	39	+43
125	111	11	152	43	+41
150	125	25	163	54	+38
200	151	51	188	79	+37
400	297	197	286	177	-11
600	411	311	354	245	-125
1,000	654	554	451	342	-203

\* Assuming those with incomes of £200 or more receive tax relief for mortgages

\*\* i.e. £'s better off in work than unemployed, after allowing for £6 per week expenses of travel to work. (This would be a tax-deductible expense under BIS.)

You can see from the table that the Basic Income Scheme would have these effects:

- for low earners; there would be a much greater incentive to work under BIS than there is under the present system
- it wouldn't "cost the government" anything! It would simply redistribute income from the rich to the poor
- single people with below-average earnings would be better off
- families with up to about twice average earnings would be better off
- single people earning £200 or more per week, or families earning more than about £350 per week, would be worse off

## HOW THE BASIC INCOME SCHEME COULD BE PAID FOR

There are three features of the Scheme as a whole which will need to be paid for:

1. The actual basic income itself
2. The abolition of National Insurance
3. Housing benefit

### 1. How to pay for the Basic Incomes

The Basic Incomes *could* be paid for by raising income tax by 20p in the £ on all incomes above £10 per week. The standard rate would then be 50p. This is 11p greater than the present total tax on income of 39p – i.e. standard rate of 30p + national insurance of 9p. The details are worked out in the balance sheet below, based on the cost of living, and the estimated incomes, revenue, etc., as at May 1985.

#### Basic Income & Supplements

	Number (millions)	£ per week	Annual Cost (billion £)
Under 16	13.1	12	8.2
16 and over	43.2	28	63.1
Age and single parent supplements	11.8	varied	10.3
Sickness, disability, pregnancy, bereavement		varied	3.5
			<u>85.1</u>

To obtain the net cost of BIS we must subtract from this the cost of social security and of income tax allowances, both of which would be replaced by BIS, and subtract the various other savings as below.

		billion £
Total BI payments		85.1
Present spending on social security payments	37.3	
Cost of income tax personal allowances	21.0	
Savings in administration	1.0	
Other savings due to BIS (reduced spending needed on job creation, on subsidies to maintain jobs, and on dealing with such effects of unemployment as ill health and crime)	<u>3.0</u>	62.3
Net cost of BIS		<u>22.8</u>
This cost could be covered by the following changes in revenue:		
Raising of all income tax rates by 20p in the £		36.9
LESS Cost of exempting from tax the first £10 per week of income	9.1	
Cost of making tax-deductible up to £8 per week of expenses of travel to work	<u>5.0</u>	14.1
		<u>22.8</u>
<b>2. How to pay for the abolition of National Insurance</b>		
Cost of abolishing National Insurance contributions, both employers' and employees'		21.0
Progressive tax on each firm's total of value added (to replace employers' National Insurance)	12.5	
Redirection of government spending (savings due to the cancellation of such projects as nuclear weapons, nuclear power, various subsidies to industry, etc.)	7.0	
Abolition of company car allowance	<u>1.5</u>	21.0

### 3. How to pay for housing benefit

Housing benefit at the May 1985 level (£4 billion a year) could almost be paid for by abolishing tax relief on mortgage payments. Instead, loans would be made available to those with existing mortgages or for new mortgages to those whose income dropped below a certain level. The balance of housing benefit could be financed by indirect taxes.

Ecology Party indirect taxes would include the following:

- taxes on consumer goods, especially luxuries, but not on repair, maintenance or spare parts.
- taxes on new house-building, but not on repair of old ones.
- taxes on goods whose production or use is environmentally harmful, or on processes which pollute.
- taxes on the use of scarce natural resources, including non-renewable energy.
- taxes on trade, both imports and exports.

The Ecology Party has called for a **Basic Income Scheme** since 1976, but now many politicians in other parties are coming to see it as a simple, sensible, long-overdue solution to the worst of our social problems – poverty and unemployment.

**The Basic Income** is only one part of the Ecology Party's economic policy – a practical, realistic policy to combat poverty and unemployment and to increase real wealth and security in a way that doesn't waste resources or destroy the environment.

#### If you send us

- a stamped addressed envelope, we will send you our campaigning sheet on how you can work for a Basic Income Scheme.
- £1, we will send you our Manifesto 'Politics for Life' and other Ecology Party literature as well.
- £8 (£4 unwaged), we will make you a member of the Ecology Party, Green Party of the UK, and you will be part of an international political movement working for peace, health, wealth and social justice worldwide.
- a donation, we will put it towards our Campaign Against Poverty.

Please write to:

or Ecology Party, 36/38 Clapham Road, LONDON SW9 0JQ.  
Tel: 01 735 2485.