

# Poverty and the Sustainable Development Goals

The 6th Peter Townsend Memorial Conference



## **Beveridge and Unfinished Business:**

**Is it time for a guaranteed, non-means-tested basic income floor?**

Stewart Lansley, 29 April, 2021

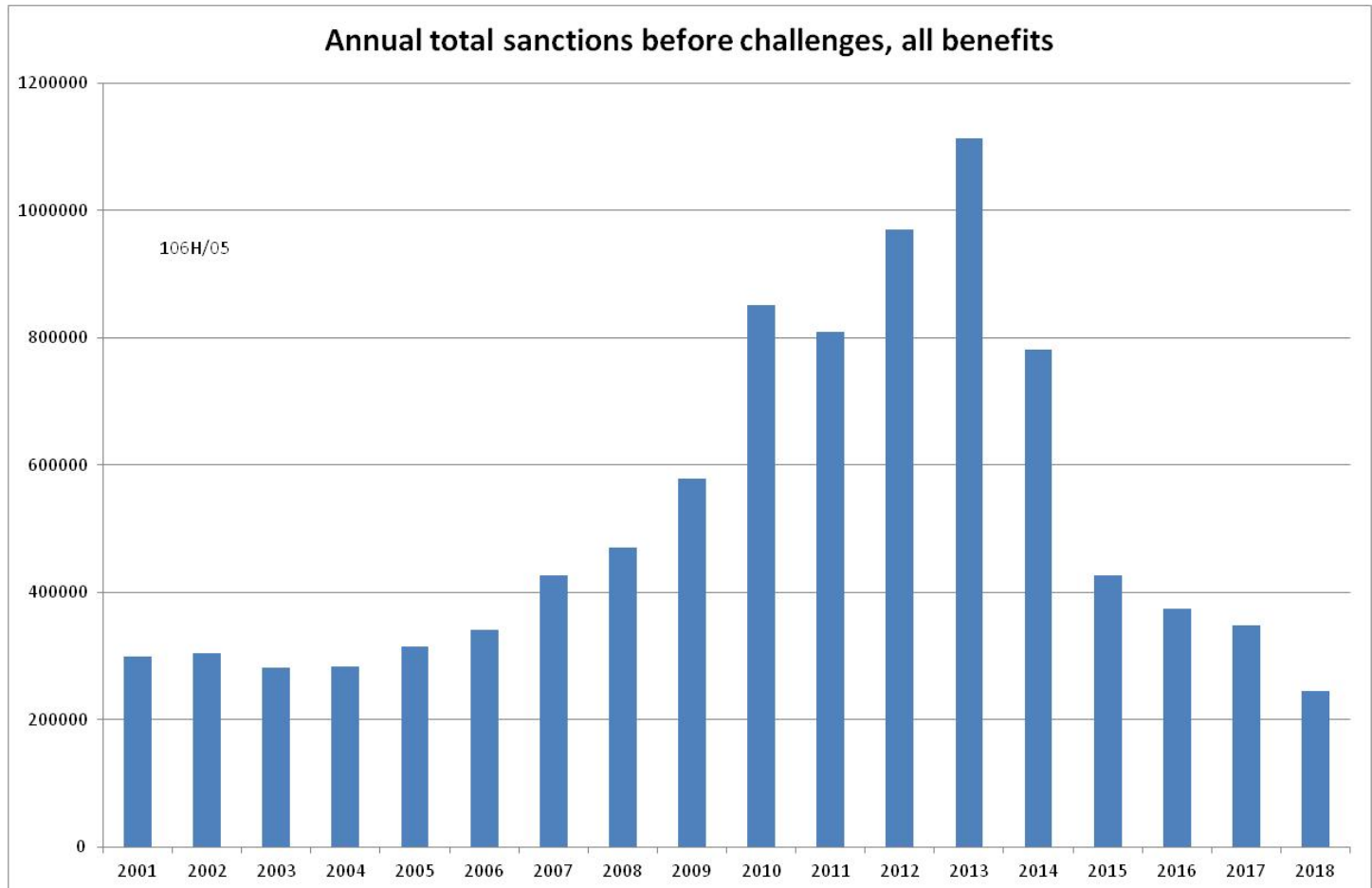
University of Bristol



# A failing system

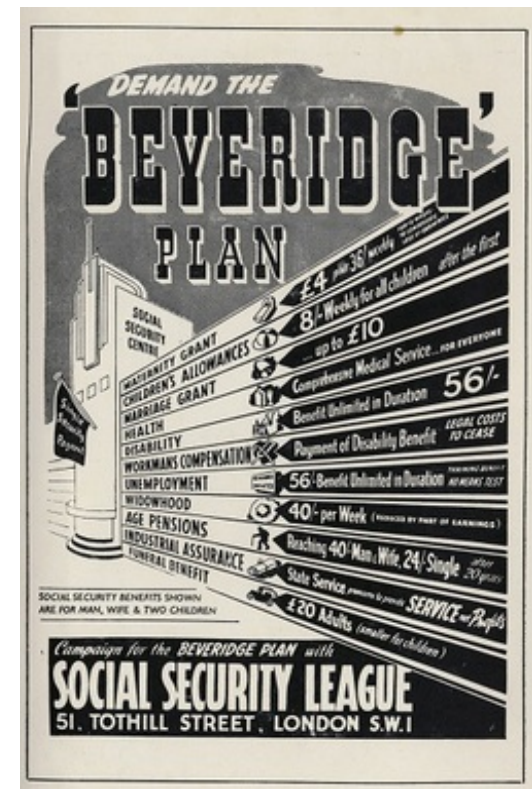
- Multiple shocks
- ‘Middling’ benefit system
- Dependent on means-testing
- Budget cut by 25% since 2010
- Highly punitive
- Near-peak post-war poverty

# A disciplinary state



# ‘Not for patching’: Beveridge and a ‘national minimum’

- The Minority Report of the Poor Law Commission, 1909
- Beveridge 1942
- A social dividend, James Meade.
- National Minimum Wage
- Basic Income debate – a basic income for all



# Strengths of a guaranteed, non-means-tested income floor

- Income Plimsoll line
- Boost universalism
- Income for unpaid work
- Weapon against insecurity
- Empowering/ non-judgmental
- Incremental



# Marmite issue

## Critics:



- 'snake oil...'
- 'can never be a progressive solution`
- - 'a charter for idleness'
- 'an affordable UBI would be inadequate, and an adequate UBI would be unaffordable'

# Alternative models

- ‘Big-bang’ – all-singing, all-dancing
- ‘Partial scheme’ - grafted onto existing system, introduced incrementally
  - lower tier
- ‘Thinking small` ?

# Income floor rates

	Weekly rate	Annual rate
Child	£40	£2080
Adult under 65	£60	£3120
Couple with two children	£200	£10400

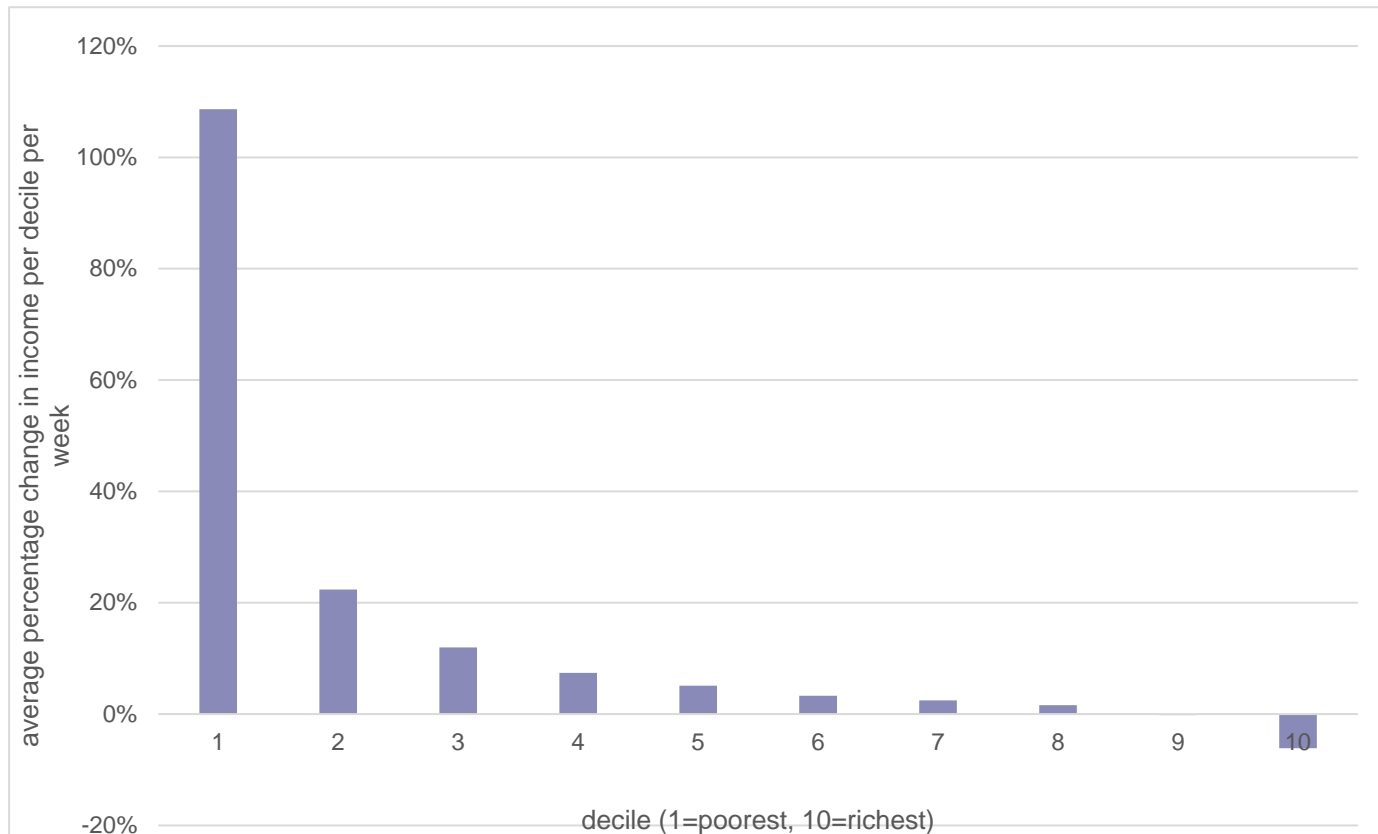


# Impact

- Child poverty falls by 37%
- Working-age adult poverty falls by 23%
- Gini falls by 11%
- MT falls by 11%
  
- Dynamic effects



# Gains concentrated amongst the poorest



# Tax changes

- Income tax personal allowance abolished.
- New income tax rate of 15p for the first £11,850 of taxable income.
- Existing income tax rates are raised by 3p taking them to 23p, 43p and 48p.
- NICs are set at 12% and payable on full range of earnings payable on all earnings.
  
- NET COST: £15bn



# Key steps

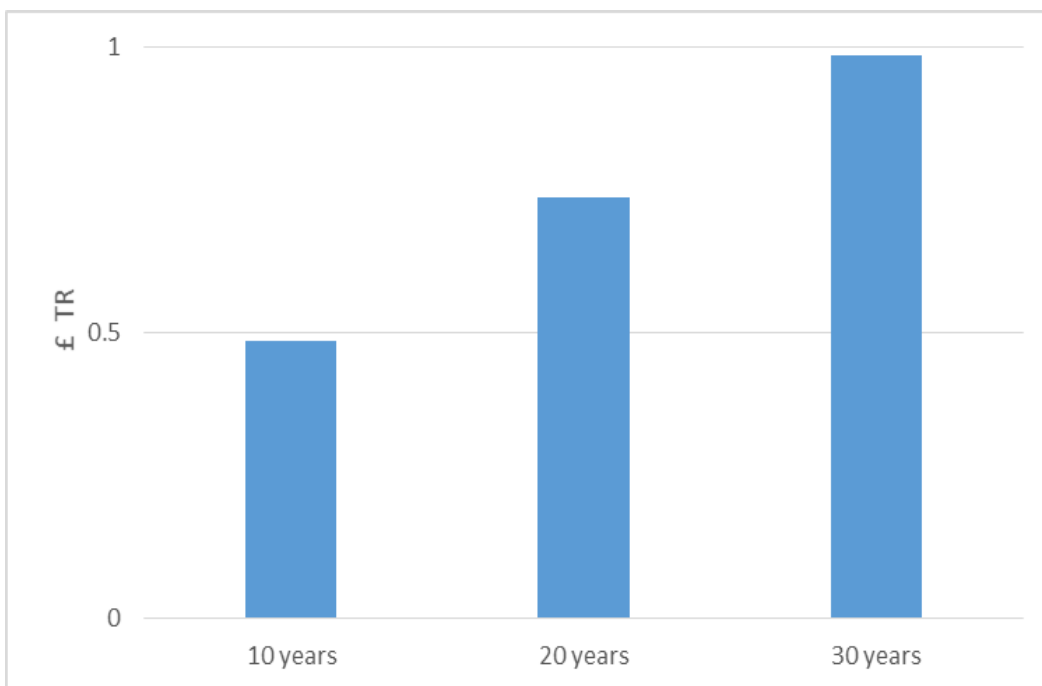
- Conversion of personal tax allowance into equal cash payment
- Increase in child benefit
- Tax changes clawed-back from those on higher income
- Not a silver bullet
- Wealth-funded

# Wealth

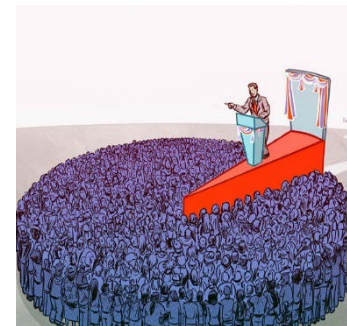
the elephant in the room



# BI as a Citizen's Dividend from returns on Citizen's Wealth Fund



Size of fund: Initial endowment + £25bn a year



# Sources

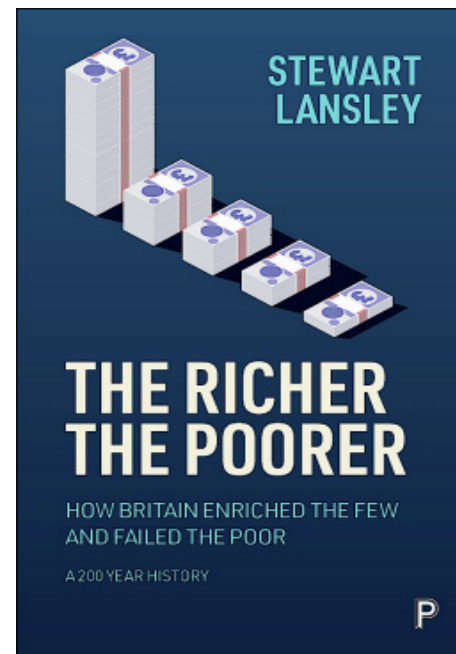


## **Basic Income for All: From Desirability to Feasibility**

Stewart Lansley and Howard Reed

A publication by Compass

[Compass\\_BasicIncomeForAll\\_2019.pdf](#)  
([compassonline.org.uk](http://compassonline.org.uk))



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October, 2021





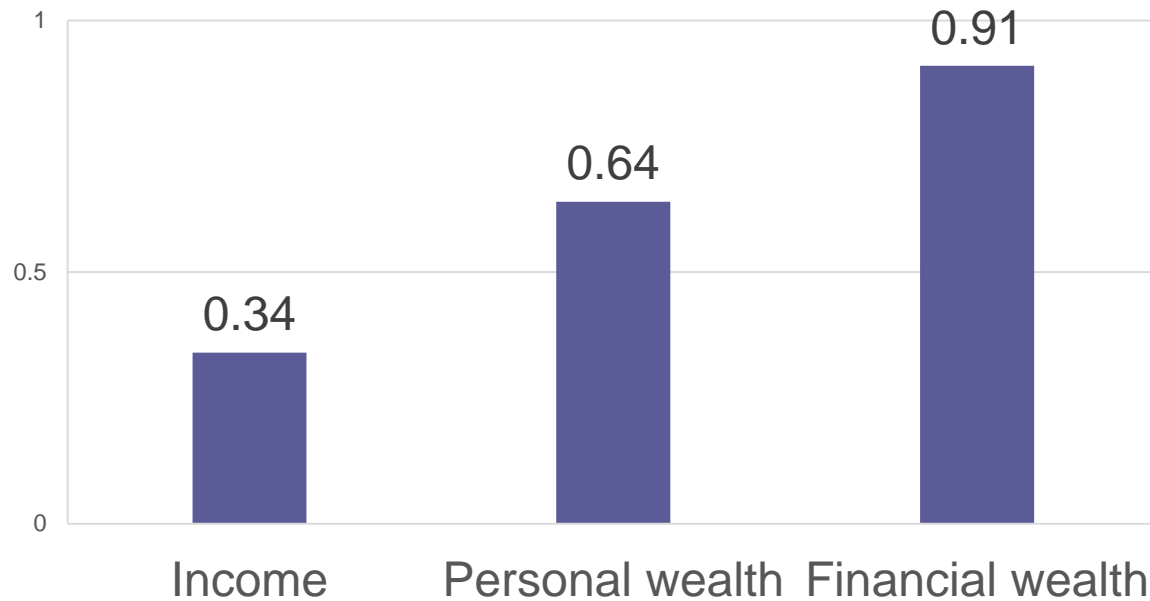
# National wealth:

the elephant in the room of policy



# Wealth inequality, UK

Gini coefficients



# Citizen's wealth fund:

*a fundamental force for convergence*

- **Socially owned** bundles of wealth
- Raise prop. of national wealth **commonly owned**
- **People's stake:** all citizens would own equal part of the economy
- **Pro-equality:** Gains from part of economic activity equally shared
- Fair **across generations**
- **Board of Guardians**
- **Powerful new social instrument**



# Utopian?

- Athenia/ Thomas Paine/ James Meade
- Swedish wage-earner fund, 1982-91 (corporate wealth)
- Norway (oil)
- Alaska (oil)
- Shetland (oil)



# The UK's lost opportunity

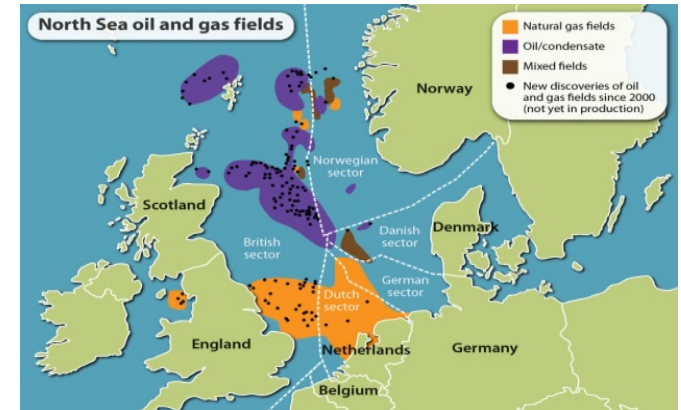
\* North sea oil

What should we do with  
the state's oil revenues?

**Give them to the people',**

*Sam Brittan & Barry Riley*

\* Norway – worth \$1 trillion

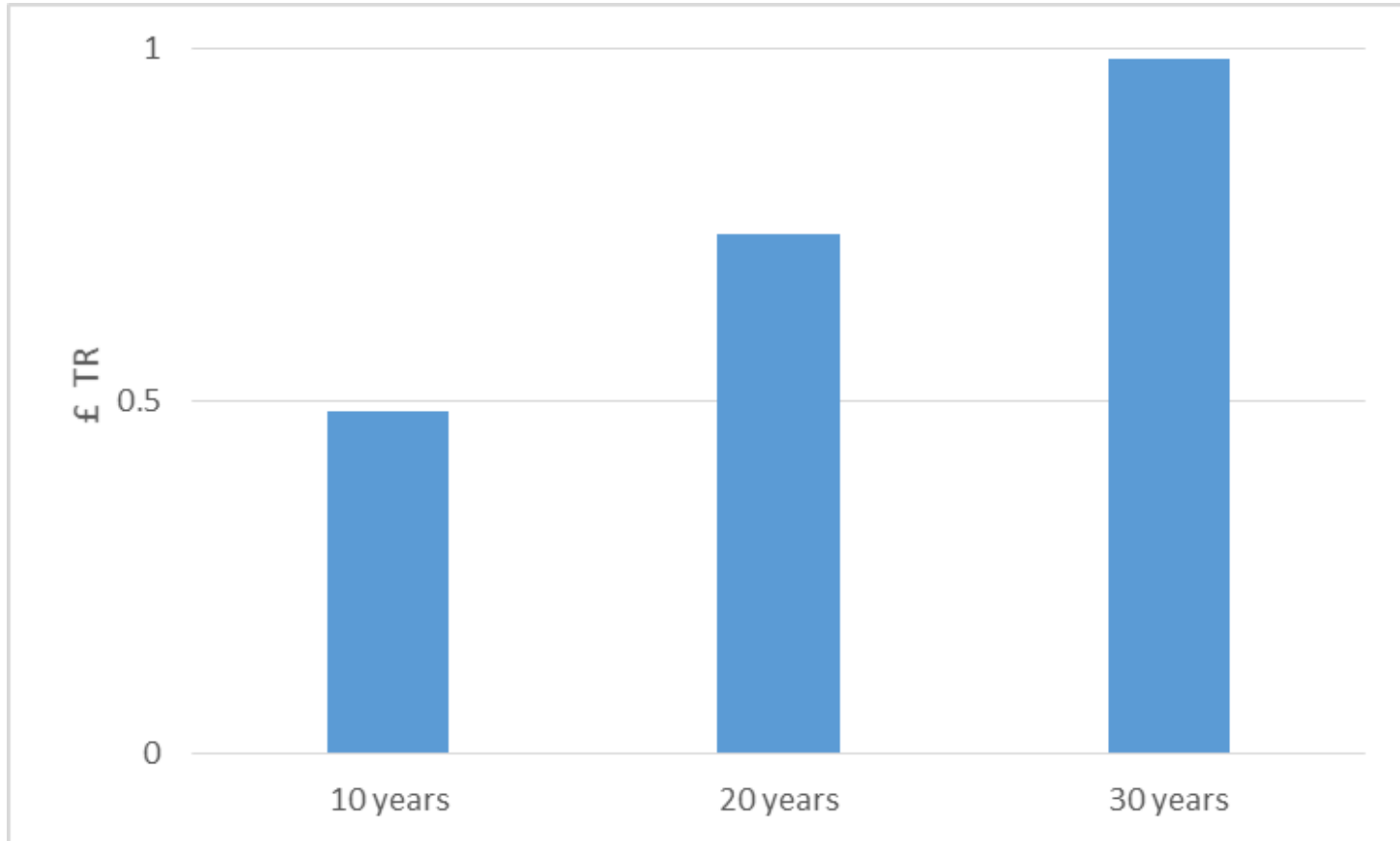


# Building a fund

- **State Endowment:**
  - £50bn long term bond
  - Transfer of profitable public assets
- **New wealth taxation** of £25bn a year (1.2% GDP)
  - 0.5% share issue by large cos
- **Reductions in £400bn corporate welfare**
- **Higher digital and eco taxes**

# Size of fund

Initial endowment + £25bn a year



# BI v UBS ?

- Complementary not in competition
- Shared goal - access to basic living standard - but play different roles
- HH social priorities set by state/individual?
- Different distributional consequences
- Some overlap with CWF