

Basic income and gender equality

Policy paper for the Commission on a Gender-Equal Economy

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1. Summary

While the idea of a basic income of some kind has been around for a few hundred years, 2019 saw a flurry of proposals around the introduction of basic income in the UK. The purpose of this paper is to provide a basis for discussion of whether basic income should form part of the Commission's recommendations on building a gender-equal economy. It will do this by outlining some of the arguments for and against basic income from a feminist perspective, and then present the details of some current proposals on basic income. It concludes that basic income could well be part of a policy package to create a gender-equal economy, but it cannot be expected to bring about gender equality – or indeed, broader economic equality – in isolation.

2. Introduction

Basic income

Basic income can loosely be defined as an unconditional, regular, tax-free payment made to individuals based on residency and regardless of work status or income. This tends to include migrants after a certain length of time as a legal resident.² The amount varies between proposals but most intend to provide enough money to live on, but not luxury. While most of the characteristics of basic income appear in different ways in varying parts of the social security system, the combination of these is unique to basic income.

The potential benefits of basic income from a feminist perspective

There are feminist proponents and opponents of basic income.³ At a broad level, basic income is frequently proposed as a way of increasing economic security, raising dignity, reducing economic inequality in society, and providing a net boost for those on the lowest incomes.⁴ As women are more likely to be in poverty, more likely to be earning the lowest incomes, more likely to be in

¹ In collaboration with Ruth Lister

² Lansley, S. and H. Reed (2019). Basic income for all: from desirability to feasibility. Compass. https://www.compassonline.org.uk/wp-content/uploads/2019/03/Compass_BasicIncomeForAll_2019.pdf p13

³ For proponents, see: Fitzpatrick, T. (1999). Freedom and Security: An Introduction to the Basic Income Debate. Basingstoke: Macmillan Press, Ltd.; McKay, A. (2005). The Future of Social Security Policy: Women, Work and a Citizens' Basic Income. Abingdon: Routledge. McKay, A. (2001). Rethinking Work and Income Maintenance Policy: Promoting Gender Equality through a Citizens' Basic Income. Feminist Economics, 7(1), 97–118.; Zelleke, A. (2011). Feminist Political Theory and the Argument for an Unconditional Basic Income. Policy and Politics, 39(1), 27–42.

⁴ See Lansley and Reed (2019), Stirling, A. and S. Arnold (2019). Nothing personal: replacing the personal tax allowance with a weekly national allowance. New Economics Foundation https://neweconomics.org/uploads/files/WeeklyNationalAllowance_NEF.pdf, and Standing, G. (2019). Basic Income as Common Dividends: Piloting a Transformative Policy Guy Standing A Report for the Shadow Chancellor of the Exchequer. Progressive Economy Forum https://www.progressiveeconomyforum.com/wp-content/uploads/2019/05/PEF_Piloting_Basic_Income_Guy_Standing.pdf - all of which are discussed in this article.

insecure work, and more likely to be claiming benefits, it's clear that if the intended results were seen following the introduction of basic income, women would particularly benefit from them.

Secondly, the argument is commonly made that gender equality would be furthered by basic income because of its individual nature: payment is made to each individual adult, and as such, it guarantees every individual a basic income in their own right. This is in stark contrast to Universal Credit, for example, where joint payments are the default. Single payments to each household, instead of each individual claimant, makes it easier for domestic abusers to control their partner's finances and make it harder for the latter to leave the relationship. The principle of basic income to guarantee an independent income to all adults, therefore, corresponds well to one of the [principles](#) of a future gender-equal economy which Commissioners have developed – 'an economy where all women have an independent income'.

A third argument for basic income from a feminist perspective focuses on the fact that basic income acknowledges that there are important activities which take place in the economy besides paid work. By providing a source of income which is not linked to paid work, basic income implies a broader understanding of the economy. Feminist economists have long campaigned for the recognition of unpaid care work in national accounts, due to the huge impact it has on the economy, yet goes unmeasured in official records. Many proponents of basic income argue that it is 'fundamentally a feminist issue; the invisibility of [unpaid] work has been a way of diminishing the contribution that women make to economic and social life.'⁵

The potential pitfalls of basic income from a feminist perspective

However, because basic income challenges the linking of labour market participation and income, there are concerns among some feminists that basic income could entrench the gendered division of labour, and result in more women staying at home full-time.⁶ While basic income is intended to 'be a way of ensuring we can all make better choices,'⁷ in reality, gendered norms play a strong role in determining who actually ends up staying at home and raising children, looking after elderly relatives, and so on. Additional policies targeted at disrupting and reimagining the gendered division of labour would be required alongside basic income – such as dedicated paternity leave, and encouraging men to reduce their paid working hours, or a shorter working week overall.

Secondly, while basic income can be seen as a way of recognising and valuing care work which has hitherto been unpaid, the fact that basic income is unconditional does mean that it is paid *regardless* of whether care work is being carried out or not.

3. Current proposals

This section will give a short overview of recent proposals for a basic income in the UK.

Lansley and Reed (Compass), 2019⁸

- Compass published a report in March 2019, which outlines two models of basic income.
- The authors argue that the criteria for a feasible and progressive basic income are that it should:
 - Be paid to everyone

⁵ Standing (2019). P23-24

⁶ See, for example, Gheaus, A. (2008). Basic Income, Gender Justice and the Costs of Gender-Symmetrical Lifestyles. *Basic Income Studies*, 3(3), 1–8, and Robeyns, I. (2001). Will a Basic Income do Justice to Women? *Analyse*, 23(1), 88–105

⁷ Standing (2019). P23-24

⁸ Lansley and Reed (2019)

- Be progressive and reduce the level of poverty and inequality
- Be high enough to make a difference
- Raise the level of universality in the social security system, while reducing reliance on means-testing
- Be affordable
- Minimise losses for low-income households
- Minimise the amount of disruption involved in moving to a new system
- Enjoy broad public support⁹
- The first model put forward is a partial basic income (PBI), which can be implemented quickly (in a single parliament) and would serve as a national pilot scheme.
 - It includes a weekly payment of £60 to every adult aged 18-64, £175 for those over 65 and £40 for each child under 18 (paid to their mothers), regardless of other income or work status
 - The proposed PBI would reduce reliance on means-tested benefits, but ensure that people claiming those benefits would receive an income boost – by disregarding the first £25 of the PBI for means-testing purposes
 - Child benefit and the state pension would be abolished, but other parts of the existing social security system, including means-tested benefits, would be retained.
 - Simultaneous changes to the tax system to be made:
 - Income personal tax allowance is abolished
 - A new income tax rate of 15p is introduced for the first £11,850 of taxable income, i.e. the income that previously fell below the personal allowance
 - Existing income tax rates are raised by 3p, taking them in England, Wales and Northern Ireland to 23p, 43p and 48p.
 - Employee NICs are payable on all earnings, and the rate of employee NICs is set at 12%
 - The distributional impacts are as follows:
 - Child poverty (after housing costs) falls from 28.7% to 18.1%
 - Working-age poverty falls by a fifth to 15.7%
 - Pensioner poverty falls by almost a third to 11.3%
 - 75% of households gain, and 25% lost. The gains are concentrated among the poorest households and losses (from the withdrawal of personal allowance and higher marginal tax rates) among higher income groups. There are a tiny number of losers among the bottom two deciles: 0.8% and 3.1% respectively lose something
 - The changes to the tax and benefit system could be phased in gradually over time, or be implemented in full at one go (so it is possible to implement during the life of one parliament)
 - The UK-wide model would have a net cost of £28bn, around the same as total cuts to benefits since 2010 (This is the case if it is introduced alongside the proposed above tax and benefit changes. The authors suggest that this £28bn could be covered by increasing the higher rate of income tax, corporation tax, taxations of wealth etc)
 - The proposal notes that converting personal tax allowances into a cash payment is key. Raising personal tax allowances does nothing for those whose incomes are too

⁹ Lansley and Reed (2019) p15

low to pay tax. Women are disproportionately represented in this lowest earning group.

- The second model is a fuller basic income scheme, introducing the idea of a citizens' wealth fund – defined as 'commonly owned investment funds, managed for the long term, with the returns used explicitly for the benefit of all citizens, future as well as current.'¹⁰
 - By creating a targeted citizens' wealth fund, this would boost the long-term funding for a basic income scheme. The fund would begin to pay out after 20 years. It could gradually improve basic income payment levels over time, ensure the durability of a basic income scheme, and within a generation help to deliver a more effective anti-poverty social security system.
 - The report draws on the example of the Alaskan permanent wealth fund created from part of the revenue from oil extraction, which has paid an annual dividend of \$1000-3000 to all citizens since the early 1980s.
 - The weekly basic income under this model would be £50 for children, £80 for adults and £180 for adults of 65+.
 - It could be funded by: long term borrowing, allocation of some existing revenue-generating public sector assets, and corporate and wealth taxes.

Stirling and Arnold, New Economics Foundation, 2019¹¹

- In spring 2019, the New Economics Foundation published proposals to scrap the personal tax allowance and pay a 'weekly national allowance' to every adult.
- The proposal is as follows¹²:
 - Replace the personal allowance of income tax with a weekly payment equal to the value of tax that would otherwise be paid on the full £12,500 of personal allowance.
 - For 2019/20, this payment would be worth £48.08 per week in England, Wales and Northern Ireland, or £2,500 per year.
 - In Scotland, the 19% income tax band introduced in 2018/19 means that the cash payment would be set at £45.68, worth £2,375.15 per year.
 - Eligibility for the payment would be extended to everyone over the age of 18 with a UK national insurance number.
 - New payments could be administered by HMRC and would be tax free, but they would also score in the means testing of other benefits.
 - The basic rate of income tax (or starter rate in Scotland) would then be applied to the first £1 of most forms of income.
 - Restore child benefit to its real terms 2010/11 value (in other words, reverse the effect of freezes to child benefit since 2010) and combine this with the new cash payment above to complete the 'Weekly National Allowance'.
 - In effect, the Weekly National Allowance will go to everyone earning below £125,000 per year. Those earning more than £100,000 already see the personal allowance tapered away at a rate of 50p for every additional £1 of income. Their new cash payment would there also be tapered down at the same rate to mirror the existing value of their personal allowance. This means that those earning more than £125,000 would not receive the new weekly payment at all, since their personal allowance has already effectively been removed in the existing income tax system.

¹⁰ Lansley and Reed (2019) p25

¹¹ Stirling and Arnold (2019)

¹² Stirling and Arnold (2019)

- The proposal is revenue neutral, using the budget recycled by abolishing the personal allowance of income tax (plus reduced overall costs in means-tested benefits), and redistributing it as a flat payment of £48 per week to all adults
- **Limitations:** The authors emphasise that this amount is not sufficient to cover living costs in the UK, and must co-exist with a benefits system that, while also needing substantial reform, must still cater for complex needs, such as disability and housing.
- It cannot be taken as a silver bullet to solve all the UK's challenges with respect to tax and social security – but should instead be seen as 'one brick in the road to a radically reformed system as a whole'.¹³
- **Implementation:** The authors suggest that such a reform could be implemented relatively quickly and easily, within a single parliament if required. Much of the necessary administrative infrastructure is already in place through the existing tax credit and tax remuneration systems administered by HMRC and there is already precedent for largely non-conditional benefit payments from government in the form of child benefit and the state pension.
- **Effects:** The authors argue the proposal would be:
 - Highly redistributive
 - Fiscally neutrally
 - Improved macroeconomic stabilisation

Guy Standing, 2019¹⁴

- The shadow chancellor, John McDonnell, commissioned a review of basic income and the report, written by Guy Standing, was published in May 2019. Following this, a commitment to pilot basic income was included in the 2019 Labour party manifesto.
- Standing's report offers a review of basic income pilots and details what future pilots in the UK should look like.
- Standing outlines criteria for any basic income scheme. He argues that it must:
 - Be basic – in the sense that the amount received is significant but not providing total security
 - Consist of cash – not vouchers, food stamps etc which are paternalistic
 - Be regular and predictable
 - Be individual – directly paid to each adult, and for each child, to be paid to the mother or surrogate mother.
 - Ensure that anybody with a disability involving extra costs of living should receive a disability benefit on top of the basic income
 - Be unconditional
 - Be quasi-universal – based on residency, e.g. migrants who have legally been in the UK for 2 years could qualify
 - Be non-withdrawable
- The report considers two types of basic income, which correspond broadly to the two models proposed in Lansley and Reed (2019), detailed above: basic income, which is usually revenue-neutral, paid for by scrapping some means-tested benefits and subsidies and raising income tax rates, and 'common dividends', where everyone receives a share of the collective accumulated wealth of the country and is compensated for loss of the commons.

¹³ Stirling and Arnold 2019

¹⁴ Standing, 2019

- The report notes that other organisations have promoted this idea of common dividends, often in a lump sum payment, e.g.:
 - The Royal Society of the Arts has proposed a ‘universal basic opportunity fund’ financed from long-term bonds that could pay out ‘opportunity dividend’ in a lump-sum payment.¹⁵
 - The Institute of Public Policy Research proposed a fund that would provide every 25-year-old with a capital dividend of £10,000 from the year 2030.¹⁶
 - A report by the Friends Provident Foundation floated the idea of an unconditional capital grant of £5,000 to everybody reaching age 25, citing Tom Paine as their inspiration.
 - These proposals, in the eyes of Standing, have the drawback of offering a capital grant rather than a basic income, but is seen as a step towards it.
- Standing makes the **limits** of basic income clear: ‘Serious advocates of moving in the direction of a basic income do not see it as a panacea. It will not ‘abolish poverty’ or ‘abolish unemployment’. It will not provide perfect freedom or perfect basic security. But it will enhance freedom and strengthen security. It must be seen as part of a new income distribution system suited to a globalising open economy, and as part of a transformative policy package, along with new forms of collective representation and ownership.’¹⁷

Green Party, 2019¹⁸

While the Labour party included a pledge to pilot basic income in its 2019 election manifesto, the Green party, in its 2019 manifesto, committed to phasing in a weekly basic income. The Green party proposal entails:

- A weekly payment of £89 per week for adults over 18, £178 for pensioners and additional supplements to basic income for disabled people, lone parents and lone pensioners.
- Families with an income of less than £50,000 per year will receive an additional £70 per week for each of their first two children and a further £50 per week for each additional child.
- Families with an income of over £50,000 per year will receive smaller supplements for children.
- All benefits except Housing Benefit and Carer's Allowance would be incorporated into the basic income payments, which would be phased in over five years.
- The funding for the scheme would be generated through making higher earners pay more income tax and by introducing carbon taxes.

Reflections on the above proposals

Looking at the above proposals put forward (Lansley and Reed, Stirling and Arnold, and the Green Party), there are several elements which are of note. Firstly, in the Green party proposal, families with an income of over £50,000 per year will receive smaller supplements for children, which in effect undermines one of the principles of basic income by introducing an element of means-testing. In the same vein, basic income for children at £70 per week is capped for the first two children in a

¹⁵ For an important contribution to the fund approach, see A.Painter, J.Thorold and J.Cooke, Pathways to a Universal Basic Income (London: Royal Society of the Arts, 2018)

¹⁶ C.Roberts and M.Lawrence, Our Common Wealth: A Citizens Wealth Fund for the UK (London: IPPR, 2018).

¹⁷ Standing, 2019, p57-8

¹⁸ <https://www.greenparty.org.uk/assets/files/Elections/Green%20Party%20Manifesto%202019.pdf>

family, with subsequent children receiving £50 per week. As such, the principle of universality therefore does not apply to all children in this proposal.

Secondly, the Green party proposal is less detailed than those made in the other reports, so there are outstanding questions about the levels of support for disabled people which would be provided under this scheme, and exactly how the scheme would be funded through raising taxes on higher earners and introducing carbon taxes. While it's understandable that the Green proposals are less detailed, as they appear in a party manifesto, it's important to consider that assessing the real potential impact of a basic income scheme depends on its interaction with the existing tax and benefit system. What would be kept, and what changes, has major effects not just on the details of how a basic income scheme works, but on whether it delivers its objectives, and its effect on gender inequalities.

Thirdly, according to both Lansley and Reed's proposals, and Guy Standing's report, children's basic income payments are to be made to their mother. This throws up several questions for discussion: does this reinforce the caregiving role of mothers? What would be a more suitable alternative? If we instead advocate payment to the child's 'primary caregiver', this complicates the equal sharing of childcare between parents (if the child has two parents). An alternative system could be where the payment is made to the child and where responsibility for the account is held by the mother by default, as a temporary measure which reflects most common practice at the moment, but with easy methods for parents to set up jointly agreed alternative responsibilities.

4. Conclusion

There is clearly potential in what basic income can offer for building a gender-equal economy. We see this not only in its scope to recognise the value of work undertaken outside the labour market, and the possibility of redressing the balance between paid work, unpaid care and domestic work, and other activities such as community and voluntary work, but also by its potential to contribute to tackling broader economic issues, by which women are hardest hit, including growing wealth inequality, stagnating wages, job insecurity, and general precarity.

However, what is clear is that basic income cannot be seen as a magic bullet to solve social and economic problems. All of the authors of the reports detailed above emphasise that basic income is not supposed to replace the rest of the social security system, but to sit alongside it – and the details of how this happens is essential to assessing its impacts. It is crucial that additional support for lone parents, disabled people, and older people continues, and is not eaten away at. At the same time, the various authors recognise the need to change various elements of the tax system, to make it more progressive, and to fund the basic income scheme (as part of its progressive nature).

Looking at this question from a feminist perspective, there are strong reasons for scepticism. Alongside any basic income proposals, it's essential that further complementary measures are implemented, to ensure that the measures only enhance gender equality, and do not entrench already powerful gender norms, particularly around the division of labour. These measures may include proposals such as a reduced working week, more equal paternity and maternity leave, universal free childcare, a National Care Service, and enhanced carers' leave. Given that this Commission is seeking to develop a coherent set of policies to bring about a gender-equal economy, there is a case to consider including a basic income proposal among them – but it should not be made in isolation.