

# BASIC INCOME – CONTEXT, COSTINGS AND CRITIQUE

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# About *Social Justice Ireland*



- An **independent think-tank** which works to build a just society
- It provides independent **social analysis** and effective policy development and options
- It seeks to ensure that **every person has a genuine voice**
- **Basic Income** is a key part of our ongoing work

# Overview

- Basic Income
- Social citizenship – recent decades
- Basic rights
- Myths
- Basic Income payment levels
- Financing

# What is a Basic Income

## A basic income is

- a payment from the state
- to every resident
- on an individual basis,
- without any means test or work requirement.



**SOCIAL CITIZENSHIP –  
RECENT DECADES**

# No Consensus

## Viewpoint 1

- Neo-liberal logic dismantling the welfare state

## Viewpoint 2

- Reforms being introduced that modernise welfare to adjust to 21<sup>st</sup> century realities



# Key developments (1)

- Citizenship still seen as vital concept underpinning welfare
  - Some place emphasis on obligations as a counterpoint to rights
  - Others emphasise need for ‘participation’
  - Very complex situation with unclear implications for future of social policy and citizenship

# Key developments (2)

- Welfare state is being remoulded and transformed from the post-war understanding and emphasis now on approaches such as:
  - Social investment
  - Enabling state
  - Active welfare state
- Some of these are reducing welfare benefits and others are not



# Key developments (3)

- Paradigm shift from the post-war with new ways of
  - Understanding
  - Designing, and
  - Providingwelfare.
- Changing objectives
- Changing instruments

# Seven Basic Rights - for all

- Work
- Income
- Participation
- Education
- Health
- Housing/Accommodation
- Cultural Respect

# Seven Basic Rights – delivery?

At EU level and in Ireland – only partial delivery

- Work?
- Income?
- Participation?
- Education?
- Health?
- Housing/Accommodation?
- Cultural Respect?
- Must the poor always wait?

# Basic Income and these 7 rights

Basic Income would help deliver on:

- Work
- Income
- Participation
- Education
- Health
- Housing/Accommodation
- Cultural respect



# MYTHS ABOUT BASIC INCOME

# Myths about Basic Income (1)

- Reduces the value of work to 'mere' income
- Inefficient use of public resources
- Doesn't solve the inequality issue
- Won't work in the EU
- Comes with the abolition of the welfare state

- Henning Meyer, *Editor, Social Europe Journal*

# Myths about Basic Income (2)

- Nobody would work
- Its terribly expensive
- The money could be spent better on services
- It will lead to a surge of migrants
- It's the nanny state gone crazy



# **BASIC INCOME PAYMENT LEVELS**



# A possible basic income system for Ireland (1)

Five different payments to cover all stages of the life cycle.

- **Children** at Child Benefit rate
  - 0-17: €32.30 a week - €1680 a year
- **Young Adults**
  - 18-20: €100 a week - €5,200 a year (these payments would/could be conditional on participation in education/training/paid employment).

# A possible basic income system for Ireland (2)

- **Older people at State Pension rate**
  - 65-79: €230.30 a week – €11,975 a year
  - 80+: €240.30 a week - €12,495 a year
- **Adults of working age at basic Social Welfare rate**
  - 21-64: €188 a week - €9776 a year

# Additional costs

- Disability
- Illness
- Other special needs etc.



# FINANCING BASIC INCOME

# Different Options

- Resource taxation
- Environmental taxation
- Financial Transactions Tax
- Within the current tax and social welfare systems.

# Sources within current system

- Current social welfare payments
- Current income tax credits
- Social Solidarity Fund (paid by employers instead of PRSI)
- Administration, other tax breaks e.g. pensions and other programmes
- Income Tax
- USC

**All other taxes left as they are**

# Comparisons

- 44% tax rate would replace current income tax and social insurance and universal social charge.
- Current marginal rate for these is 52% (40%+4%+8%)

# Review

- Basic Income
- Social citizenship
- Basic rights
- Myths
- Basic Income payment levels
- Financing





# Thank you

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