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May 19, 2022 14:40 BST

## Basic income could cut poverty to its lowest level for decades

New research involving experts from Northumbria University proposes a new universal basic income model which could cut poverty by more than half, reducing it to its lowest level for 60 years, with no additional calls on public finances.

The report, funded by the [Wellcome Trust](#) and led by the [Basic Income Conversation](#) and [Compass](#), represents the most substantive attempt yet to assess the impact of a universal basic income (UBI) scheme and the greater income security it provides. It comes 80 years on from the publication of the historic Beveridge Report, which was influential in the founding of the welfare state in the United Kingdom.

The fiscally neutral scheme, proposed by researchers from Landman Economics, the University of Bristol, and the University of York, as well as Northumbria, involves no additional calls on the public finances and no net increase in taxation. The cost would be exactly offset by the extra revenue from internal changes in tax rates and National Insurance Contributions.

Matthew Johnson, a Professor of Politics at Northumbria University, is one of the co-authors of the report, [Tackling Poverty: the power of a universal basic income](#), released today. His research focuses on the links between culture, policy and wellbeing.

Professor Johnson explained: “I appreciate for some people this will seem like a counter-intuitive policy in many ways but, after working on this for several years, I am now convinced that a universal basic income is one of the only

multi-purpose policy instruments we have at our disposal for dealing with the crisis of mental and physical health, and regional inequalities, which are becoming more apparent during the current cost of living crisis.

“The multi-disciplinary team involved in this research have concentrated their efforts on coming up with proposals which could make a real impact. If we are serious about levelling up, people need stability so that they have a foundation from which to seize opportunity, be entrepreneurial, build businesses and take risks.”

Under the model, compared to the current system:

- Child poverty falls by more than a half to 12.5%, taking it to below the level of 14.0% in 1977.
- Working-age poverty falls by just over a quarter, from 19.4% to 14.9%.
- Pensioner poverty falls by 54%, from 16.7% to 7.7%. This takes the level of pensioner poverty to well below the lowest post-1961 rate of 14% in the early 1980s.
- The Gini coefficient – a summary measure of inequality – falls by 12.5%, taking it back towards the peak equality achieved in the 1970s.
- The gains are concentrated among the poorest and the losses among higher income groups

The model involves two broad sets of changes to the existing tax and benefit system:

- A guaranteed set of weekly payments which provide an income floor. These are £41 per child and £63 per adult of working age, making a guaranteed payment of nearly £11,000 a year for a family of four.
- A series of tax adjustments pay for the weekly basic income: the changes involve lowering the personal allowance to £750, a rise in existing tax rates of 3p in the pound and a change in the current system of National Insurance Contributions.

As well as ensuring fiscal neutrality, these changes ensure that the gains are concentrated among the poorest.

Stewart Lansley, a visiting fellow at the University of Bristol, is another co-author of the report. “We keep being told that the alleviation of today’s heightened levels of poverty would be too complex and too expensive,” he said. “This report shows that a basic income is within reach, would be affordable and feasible, and would be a clear route to building a better post-Covid society.”

Neal Lawson, Director of Compass, added: “At a time of skyrocketing poverty, this report shows universal basic income can take us back to the lowest level of child poverty in over 50 years. In showing universal basic income can deliver record low levels of poverty with no extra burden on the nation’s finances, this report makes transformative change a political decision not an economic one.”

Professor Johnson will present the research at an online event, hosted by the Basic Income Conversation, due to take place on 21<sup>st</sup> June. Find out more [here](#).

**-Ends-**

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**Notes to editors:**

- All figures come from [Tackling Poverty: the power of a universal basic income](#)
- Basic Income Conversation is a campaigning organisation working to elevate and broaden the basic income movement powered by Compass.

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