

TOM PURSGLOVE MP
CORBY & EAST NORTHAMPTONSHIRE



19th August 2020

HOUSE OF COMMONS

LONDON SW1A 0AA

Dear Constance,

RE: UNIVERSAL BASIC INCOME (UBI).

Thank you for your recent correspondence regarding universal basic income (UBI); your comments upon which I have read with great interest.

Ideas of a universal basic income have, as I am sure you are aware, been subject to debate and discussion for some time. It is important that we have this debate, and I hope that UBI-style systems continue to be subject to research and discussion, so that our approach to welfare can remain informed by the latest studies.

The question of feasibility is one we should consider. No matter how desirable a UBI-style programme might be, it must also be feasible in the present context of our economy. When considering feasibility, we must address whether such a programme would be affordable, and whether it could be introduced in a manner that prevented losses amongst the most vulnerable in our society.

A report from Compass, a think-tank, and the Joseph Rowntree Foundation, found that UBI could be prohibitively expensive, would create too many losers among the poorest families, could dramatically increase the number of children living in poverty (as was also found in modelling by the Citizen's Income Trust), and could dramatically increase inequality because it would not account for individual needs and circumstances.

The report found that the additional tax revenue required to support such a system could be as much as £160 billion. Such a figure would indicate that UBI systems would be unaffordable, even when the effect on individual behaviours in the labour market are not considered.

There are admittedly various models of UBI. However, the more we seek to introduce adjustments to something we call UBI to account for cost or undesirable effects, the closer we get to something which resembles Universal Credit.

Our current welfare system, built around Universal Credit (UC), seeks to incentivise claimants to move off benefits and to provide tailored support to help people find work and increase their earnings.

Once again, thank you for having taken the time to contact me and if I can ever be of any further assistance to you then please do not hesitate to contact me again.

With best wishes,

TOM PURSGLOVE MP
MEMBER OF PARLIAMENT
CORBY & EAST NORTHAMPTONSHIRE