

Citizen's Income

An end to the poverty trap

People on state benefits often find that they are financially worse off when they take a job – particularly if it's part-time. This discourages some of them from trying to find work, and can result in benefit-dependency. On the other hand, many of those in demanding full-time jobs can resent being little better off than those who they do not see working at all.

These twin problems, caused by our current tax and benefit system, result in the poverty trap. When claimants start earning money, their whole earnings can be deducted from their benefits. It's as if they are facing a 100% tax rate. When they also take into account things such as the cost of travelling to and from work many people find that they are actually worse off having a job. Where is the sense in this?

The Green Party would address this problem by introducing a Citizen's Income. This is an unconditional payment made to each individual as a right of citizenship – like a tax credit paid to everyone whether they're working or not.

The introduction of a Citizen's Income will:

- Guarantee that everyone's basic needs are covered by a non means-tested weekly payment, as of right.
- Replace benefits such as Job Seeker's Allowance, as well as replacing personal tax-free allowances with a payment which is worth much more.
- Ensure that anyone who takes paid work will be better off financially for doing so.
- Make working part-time an option for many people who would prefer it, but who are currently discouraged from doing so.
- Put an end to demeaning benefits procedures and form filling.
- Act as a safety-net to those considering self-employment, so that they have less to fear if their business isn't successful.

Won't those who work be penalised to pay for those who don't?

Quite the reverse. Even under the present system, with not enough jobs everywhere to go round, those who don't have paid jobs have to rely on state benefits. Too much of the cost of supporting them currently falls on lower-paid workers, who find themselves not much better off than the unemployed. The Citizen's Income will distribute this cost more fairly and reduce the existing heavy but disguised tax rates on the low-paid.

How much would people receive?

A Citizen's Income would initially be introduced at no less than the present level of Job Seeker's Allowance for adults, with an increased amount for pensioners (to replace state pensions) and a lower rate for children. There would be additional amounts for those with special needs such as single parents or the disabled, making sure that nobody would receive less in benefits than they are currently entitled to. For those in work this would have a similar effect to more than doubling the tax-free allowance.

It sounds expensive – who's going to pay for it?

Citizen's income would be paid for by an increase in the basic rate of income tax. For most people this would be more than

offset by the Citizen's Income they would receive. Those on low or moderate incomes will gain by the change. Some top earners would be financially worse off. Allowing for Citizen's Income, the net total amount taken by the Government in income tax will not increase.

Won't everyone want to stay at home?

People choose to work for many reasons, not least to increase their standard of living. It's the present system that encourages people not to work, often clawing back most or all of the earnings of claimants who find jobs.

Won't employers see this as an excuse to pay lower wages?

With no Benefits Agency to hound them, people can be more choosy about the work they do. Having a guaranteed safety net and no compulsion, they will be less likely to settle for low wages in unpleasant jobs.

Why is this a priority for the Green Party? Isn't saving the planet more important?

Saving the planet is down to all of us, but we cannot expect people still stuck in the poverty trap to think of it as a priority. Creating a fairer society and saving the planet go hand-in-hand.

To join the Green Party or obtain copies of our manifestos or other policy leaflets please contact us at
Green Party, 1a Waterlow Road, London N19 5NJ.

Telephone: 020 7272 4474 or visit our website at www.greenparty.org.uk