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Dear Constituent,

Thank you for contacting me about universal basic income (UBI).

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 had 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.

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, could 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. The more we seek to introduce adjustments to UBI to account for cost or undesirable effects, however, the closer we get to something which resembles Universal Credit.

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

Thank you again for taking the time to contact me.

Yours faithfully,

CHRIS HEATON-HARRIS MP
MEMBER OF PARLIAMENT FOR DAVENTRY

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