Abstract
Debate on basic income has focused mainly on 'what' and 'why'; this paper deals mainly with 'how', 'where' and 'when'. Our involvement in the ongoing work of proposing the introduction of a basic income system and developing a viable model for implementation has been predicated on the view that basic income is worthwhile because it fulfils certain principles. Various tax reforms are under consideration in Ireland, including basic income and refundable tax credits; these can lead to identical outcomes for citizens in terms of net incomes. In addition, there are other pathways towards basic income. Accordingly, progress towards basic income is best considered across a number of fronts.

1. Introduction
A great deal has been written on Basic Income in recent years and the volume of that writing appears to be growing substantially. Much of what has been written, however, has focused on responding to the questions 'What is Basic Income?' and 'Why should a Basic Income system be introduced?' Far less has been written to address key questions that are constantly raised by policy makers and others once they become aware of basic income and seek either to promote or reject it as a policy option. These questions include:
♦ How could a basic income system be introduced?
♦ How would it meet some key policy objectives of particular political parties or governments?
♦ When could it be implemented?
♦ Are there stages through which its implementation could/should proceed?
♦ Where can progress be made in the policy context to ensure that the introduction of basic income is more likely?

This paper is about a little 'why' and more 'how' 'when' and 'where'

2. Guiding Principles
First, a little on the question 'why?' Basic Income is not an end in itself. Rather, we support the introduction of a full Basic Income system because it is the best way we know to fulfil certain principles.

There are eight principles that we believe should guide any tax/welfare system
The first principle we identify is that nature and its resources are for the benefit of all. No one should be excluded from participating in, and benefiting from, economic growth.

The second principle we identify is adequacy. All citizens have a right to an income sufficient to live life with basic dignity. To be adequate payments must prevent income poverty in the contemporary context of a particular society. In its National Anti-Poverty Strategy (NAPS), the Irish government gave the following definition of poverty.
People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources people may be excluded and marginalised from participating in activities which are considered the norm for other people in society.

A minimum income guarantee should be set at a poverty line as defined by NAPS.

The third principle we identify is that of **guarantee**. Knowing the level at which an adequate income should be set is not enough. This income level should be guaranteed. The only way this can be done is to place the guarantee on a statutory basis. Only then can we be sure that every citizen will receive an adequate income. It is important to note that having such a guarantee does not mean that all the income would have to come from the State. It could, for example, in whole or in part, come from payment for a job. The statutory guarantee would ensure that unemployed people and those in low-paid employment would be assured of a minimum income which was adequate to live with dignity.

The fourth principle we identify is that the adequate income must be provided on a **penalty-free** basis. Some welfare systems are experienced as degrading by many recipients. Some tax and welfare systems are linked in such a way that poverty traps abound and many unemployed people face income losses if they take up a job. An adequate income guarantee system should ensure that all receive the adequate income without encountering these or other penalties.

Our fifth principle concerns **equity and equality**. This means that the system should promote both horizontal and vertical equity. It would also include gender equity. This, in practice, would mean that inequalities in income would be reduced and resources transferred to ensure that everyone received the basic payment to which they were entitled. It would also involve an equitable sharing of the costs of such a system. Within this principle it would also follow that identical needs and circumstances should be dealt with identically.

The sixth principle we identify concerns **efficiency**. When we speak of efficiency here, we are not referring to economic efficiency alone. Nor do we believe that an adequate income guarantee system has to provide conditions that produce optimal growth. Rather, we believe that this system should have a positive impact, relative to the status quo, on both the situation of the worst-off in society and on the socio-economic situation as a whole.

The seventh principle concerns **simplicity**. As far as possible an adequate income system should be simple to understand and to administer. Many social welfare systems are complex. This complexity leads to increased administrative costs, constant confusion, delays and (unintended) victimisation. In practice, many people fail to claim their full entitlements. It should not be beyond the capacity of society to devise a simpler system that would also follow the principles listed here.

The eighth principle we propose concerns **freedom**. We believe that an adequate income guarantee system should promote autonomy and reduce dependency. The present system forces many people into a dependency situation. For example, some social welfare systems force people to do nothing as a condition of receiving their payment. This conditionality creates a dependency culture. In the case of couples receiving social welfare payments one is treated as a “dependent” of the other. In most welfare systems people in receipt of payments lose benefits if they earn money through work, some even lose if they take up study. This reduces their autonomy. A more progressive system is required
which encourages and promotes the involvement of every person in the social, economic, political and cultural life of the society.

The principles outlined above were developed to help in assessing whether or not a particular proposal was likely to be acceptable and which, among competing proposals, would be most acceptable.

3. Why Basic Income?
In our work on Basic Income we have always been guided by the core concern of developing an income distribution system that would ensure every person in society had sufficient income to live life with dignity. For us, this has been a core justice issue that was not being given appropriate priority in most economic and political arenas. We were also very attracted to a Basic Income approach because it addressed the huge changes emerging in the labour market and recognised the critical distinction between work and employment. Too often, modern economic and political thinking tended to equate these two concepts and see them as identical. To us it was clear that very large numbers of people were doing a great amount of work every day and this work was not recognised as employment. One consequence of this approach was that much work was/is not valued as an essential component of the progress of society. We have written extensively in other publications on the reasons why we believe policy makers should adopt a Basic Income approach.¹

At all times we have been very conscious of the social, economic, political and cultural terrain within which we sought the introduction of a Basic Income system. We recognised that introducing a Basic Income system would demand huge transformation in this terrain. We have constantly insisted that we should not allow "the best to be the enemy of the good". We were prepared to consider staging posts along the way to a destination of a full Basic Income system. We have always been prepared to look at a wide range of pathways along which this project could travel before arriving at its final destination.

4. Pathways to a Basic Income
There are four main pathways to the introduction of a Basic Income system. These are:
♦ All at once
♦ By Groups
♦ Step by step
♦ Via Tax credits or negative income tax.

The first of these is the least likely. It would demand a huge change that most, if not all, political systems would be afraid to risk. Insisting on an 'all at once' approach, in our experience, simply frightens politicians and results in the building of substantial, and totally unnecessary, resistance to even looking at or considering a Basic Income system.

Looking at the other three approaches, however, it appears to us that these are viable, individually or in tandem, as pathways to the introduction of a Basic Income system. In their study of the Irish system Charles M.A.Clark and John Healy² opted for a step by step approach as the smoothest pathway.


² Pathways to a Basic Income, (1997), Dublin: CORI.
It is important to recognize and acknowledge that suitably configured refundable tax credits and negative income tax can deliver an identical net income to every citizen as Basic Income. Consequently, we believe that Basic Income can be viewed both as an objective in itself and as a criterion for assessing progress towards the most desired destination.

It makes no practical sense to simply insist on the superiority of Basic Income over all other systems while ignoring the substantial similarity between Basic Income, Negative Income Tax and Refundable Tax Credits.

5. The Irish Experience

Developments in Ireland are interesting in this regard. Sean Ward (1998) has provided a comprehensive overview of how the debate in Ireland progressed up to 1998. We will not repeat that here.

The need for integrating the tax and welfare systems has been widely acknowledged for a number of decades. Competing proposals on how to progress such integration have been advocated and discussed. CORI has been to the forefront in advocating the introduction of a Basic Income system.

In the last few years there have been a number of very interesting and useful developments in this area. Among these have been:

♦ The introduction of a tax credits systems.
♦ The use of tax credits to make payments to stay-at-home spouses with caring duties.
♦ The commissioning of a number of studies on Basic Income by a Government-appointed working group. These have examined its viability, its costs, its distributional impacts and its impact in labour market terms. The publication of these studies is imminent (October 2000). This work followed a commitment in the national agreement Partnership 2000 that covered the period 1997-2000.
♦ The commitment by the present Government to produce a Green Paper on Basic Income. The Taoiseach (Prime Minister) has confirmed this commitment recently.
♦ The acceptance by the National Economic and Social Council (in December 1999) of the value of investigating the impact of making tax credits refundable.
♦ The establishment in October 2000 of a working group, chaired by the Department of Finance, to investigate the viability and impact of introducing refundable tax credits. This was a commitment agreed as part of the new national agreement the Programme for Prosperity and Progress (PPF) (2000).
♦ Agreement, as part of the PPF that a review be conducted of the strategic options for the future of the tax and welfare systems over the next 10 years, taking account of emerging trends and policy objectives. This review is now underway and will include Basic Income as part of its overview. The review is to be completed by September 2001.

What we are witnessing here is a very vibrant, ongoing debate about the shape and integration of the tax and welfare systems. This debate involves Government, civil servants, the Revenue Commissioners (who are responsible for collecting tax), academics and all four pillars of social partners (employers, trade unions, farmers and the community and voluntary pillar).

Substantial changes have been introduced that can be seen as very progressive from a Basic Income perspective. Principal among these has been the introduction of a tax credits system for all income tax payers. All income tax payers now have the same tax credit. Consequently, increasing tax credits in the annual budget, combined with standard rating of all discretionary tax allowances, provides government, at present, with a means of achieving greater equity among the top two-thirds of households in income terms. This is far closer to the Basic Income ideal than the previous tax-
free allowance system that gave larger benefits to those with higher incomes. Chart 1 shows the impact on income distribution if the Irish government increased the current tax credit by IR£100 a year in its next budget. It is clear that, once a person has sufficient income to benefit fully from such an increase, all income groups benefit equally.

However, equity between the low-paid and better off would require not only that the value of tax credits be increased but also that tax credits be made ‘refundable’. When the tax credit is not refundable those with incomes so low that their tax bill is lower than the value of the tax credit do not benefit from any increase in the value of that tax credit. This is clearly seen in Chart 1 where couples with low incomes do not benefit from the increase of IR£100 illustrated in the example provided.

When tax credits are refundable those whose tax bills are less than the credit receive a payment equal to the difference. The main beneficiaries of refundable tax credits would be low-paid employees. This is illustrated in Chart 2 where we show the impacts if the current tax credit in Ireland were made refundable. All the benefit goes to those on low incomes.

The major advantage of making tax credits refundable would be in addressing the disincentives currently associated with low paid employment. If refundable tax credits were introduced, subsequent increases in the level of the tax credit would then be of equal value to all employees.

The commitment to examine what impact refundable tax credits would have, and the work currently being undertaken in this area, mark significant progress towards addressing the major weakness we identified in the current system. They also move the present tax and welfare system closer to a Basic Income system.

With a refundable tax credit system in place every adult with a job would, in effect, gain the full value of a tax credit. Almost every other adult in the country i.e. adults without a job, are entitled to a social welfare payment. All that is required is to designate a part of the social welfare payment equivalent to the tax credit as a tax credit and reduce the social welfare payment accordingly. Then we have a situation where everyone has an effective tax credit. The simplest way to administer this refundable tax credit system would be to pay it as a Basic Income.

Every child in the country already has a tax-free child benefit payment paid to its parents or carers. This, in effect, is a Basic Income.

Consequently, the path currently being followed in Ireland could be transformed, rather easily, into a Basic Income system. (The issue of adequacy is a separate issue we address later in this paper.)

6. Acknowledging Progress, Challenging Regression
Involvement in advocacy for Basic Income requires acknowledgement of progress where that occurs. It also requires criticism of backward steps (such as widening the income gaps between rich and poor). Consequently, ongoing analysis and critique of policy proposals and budgetary action is required. In Ireland CORI does this analysis on an annual basis. Each year we produce a socio-economic review that analyses and critiques the various policy proposals being advocated in the public arena and/or being considered by government. We also update the Basic Income numbers (e.g. payment levels, tax rates etc.). Each year we also publish a detailed analysis and critique of the government's budget as soon as it has been announced. Within this process we highlight the contrast between the impact of government's actions and the impact of introducing a Basic Income system. In all of this work we take great care to acknowledge progress as well as to challenge regression.
We believe that progress towards substantial Refundable Tax Credits or Negative Income Tax, with the removal of discretionary tax breaks, constitutes progress towards Basic Income. Progress along these lines leads to fulfilment of the principles that Basic Income serves and that we have identified earlier in this paper. Consequently we welcome such developments and acknowledge them as progress.

If/when substantial Refundable Tax Credits or Negative Income Tax has been achieved the switch to BI will be easy. The merits of the switch will be considered under headings such as dignity, customer service, administration costs and simplicity.

7. Advocating Basic Income on Other Fronts
In the ongoing discussions, debates and advocacy of Basic Income it is important to keep in mind that work is required on different fronts. The economics of Basic Income must be constantly assessed. This has both macro and micro dimensions - ranging from its impact on the labour market or migration patterns to the levels at which payments are made and the tax rate it requires or the tax base on which it is to be developed. Work at this level is fundamental and must be constantly pursued. Otherwise the argument may be lost because its viability in economic terms may not be obvious at first glance. For us the issue of adequacy is crucial. Consequently, we have constantly argued that the level at which the Basic Income payments are set for adults and children need not be very high but should be sufficient to enable people live life with basic dignity. This position must also be argued and justified if it is to be accepted eventually.

The politics of Basic Income is another dimension that must be constantly reviewed. A recent study for the Citizens Income Study Centre in the UK, and co-sponsored by CORI, (Jordan et al, 2000) analysed the political cultures of the UK and Ireland on the issue of tax-benefit reform and their implications for the introduction of Basic Income. It took a different approach to that pursued by CORI in Ireland. It sought to persuade the Labour Party in the UK that Basic Income is implicit in various statements of the party's objectives. CORI, by contrast, has sought to present the feasibility, desirability and impact of introducing a Basic Income system in Ireland. Different political situations require different responses. A review of the UK study in the Financial Times engaged with the study's approach in a positive way, which is interesting in this context. In Ireland there is an open attitude to Basic Income, which is recognised in the UK study referred to above. CORI has sought to facilitate analysis and debate in the Irish context and continues to do so with some success in terms of keeping Basic Income on the Irish political agenda.

The cultural arguments for Basic Income also require constant attention. This dimension is crucial because the economic arguments may be won but the political system may reject the introduction of a Basic Income system because it is perceived as being at odds with values such as efficiency, personal responsibility, participation etc. In our view Basic Income supports each of these values. It also supports a range of other values that are considered as important in much of the debate about the core culture of a modern society. This may not be obvious, however, and must be argued and pursued constantly.

Finally, the social dimension of introducing a Basic Income system must also be pursued. Some have argued against it because it would create new exclusions. Others have suggested that it would allow the lazy to benefit at the expense of others. We don't believe either of these suggestions is true. However, the case has to be constantly argued and presented in a way that makes sense to the wider society. Otherwise the overall argument may well be lost. In this context the issue of adequacy arises again. If the payments levels are too low they will not ensure that everyone has...
sufficient income to live life with basic dignity. If this were to happen then the Basic Income system would fail to meet the requirements of at least one of the guiding principles already identified in this paper, principles we believe should guide any tax/welfare system.

8. Conclusion
CORI’s involvement with Basic Income has been predicated on the view that Basic Income is a worthwhile objective to fulfil certain principles. Various tax reforms are under consideration in Ireland, including Basic Income and refundable tax credits. These can lead to identical outcomes for people in terms of net incomes. In addition, there are other pathways towards Basic Income. These have to be presented, analysed and discussed if they are to be engaged with and acted upon. Likewise, the economic, political, cultural and social dimensions of introducing a Basic Income system must be presented, analysed and discussed if this approach is to be adopted. Accordingly, progress towards Basic Income is best considered across a number of fronts.
Chart 1: How much better off will people be if tax credits increased by £100/£200?

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<th>Gross Income/Annum</th>
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<th>£10,000</th>
<th>£15,000</th>
<th>£20,000</th>
<th>£25,000</th>
<th>£30,000</th>
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<tr>
<td>Couple 1 Earner*</td>
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<td>0</td>
<td>0</td>
<td>44</td>
<td>44</td>
<td>44</td>
<td>44</td>
<td>44</td>
</tr>
<tr>
<td>Couple 2 Earners*</td>
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<td>0</td>
<td>44</td>
<td>44</td>
<td>44</td>
<td>44</td>
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</tr>
</tbody>
</table>

* Except in LTU Case where there is no earner
** LTU: Long Term Unemployed
Chart 2: How much better off will people be if tax credits are made refundable?

<table>
<thead>
<tr>
<th>Gross Income/Annually</th>
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<th>£9,000</th>
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<th>£15,000</th>
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<tr>
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<tr>
<td>Couple 2 Earners*</td>
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<td>88</td>
<td>0</td>
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<td>0</td>
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</tr>
</tbody>
</table>

* Except in LTU Case where there is no earner
** LTU: Long Term Unemployed
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