



# Minimum Wage and Social Security

**We believe everyone should be paid a decent living wage for their work and our system of social security should provide real security and dignity to those who need it.**

## A new approach

There is a confused and contradictory approach towards people in receipt of different benefits, and this is shaped by government policy and the rhetoric of politicians and sections of the media.

The language of “strivers and skivers” has poisoned our culture, and has fed through into the way the benefits system is managed. Someone who is unemployed is treated as though their unemployment is a lifestyle choice rather than a consequence of a malfunctioning economy. Their social security benefits are paid grudgingly, with constant recourse to threats and sanctions,

making them go through increasingly outlandish efforts to prove they are really looking for work.

If they spend many hours each week providing care for dependents, this is disregarded as invisible and without value. If they do voluntary work, it may threaten their access to benefits. If they get a low-paid job and receive tax credits and housing benefit, they become “hard working families”, while their employer and landlord benefit from public subsidy of low wages and high rents, but the employers and landlords are subject to no criticism for making use of state subsidy to inflate their own wealth in this way.

Once people pass pension age, they receive benefits as of right, and are seen as fully deserving where a few months earlier they may not have been. These crude stereotypes towards people are demeaning,



disrespectful, and divisive.

We believe that people deserve better. We want a social security system which does what the name suggests, provides a degree of security. We want to simplify the system. We want to make work pay, recognising that almost everyone prefers to work in some way than not work. And we want people to be able to move between different phases of their life and cope with changing circumstances with a reasonable level of security.

That means changing the culture of social security, removing the punitive aspects, reversing some recent cuts, and in the longer term extending the universal approach which at present applies to things like education and health.

“Successive governments have hacked away at the foundations of our welfare state. It’s been a devastating and costly campaign by an elite in Westminster. We will roll back welfare cuts and design a system that works for Scotland.”

Alison Johnstone, Scottish Green MSP



## Our policy

### Short and medium term aims

- We will increase the minimum wage (currently £6.50/hour for those aged 21 and above) to the level of the **Living Wage** (£7.85/hour). We will raise the minimum wage in steps to a level of **£10/hour by 2020**.
- We will **oppose cuts** in Disability Living Allowance, Child Benefit and Child Tax Credits. **Reverse** the bedroom tax and end workfare. Support an **increase** in the Carers’ Allowance.
- We will challenge the idea that those out of work are making a “lifestyle choice” and should be punished with **sanctions**; unemployment is caused by a shortage of jobs, not an attitude problem on the part of the unemployed.
- We will **halt the roll-out** of Universal Credit and Personal Independence Payments in Scotland and design a scheme that works with devolved powers.
- **Cancel** contracts with the private sector for benefit entitlement assessment and reform the process.
- **Increase** the income disregarded on JSA for all categories to £50 a week.
- Abolish the 1% **benefit cap** and restore the link between state benefits and the cost of living.

### Longer term aims

- We will introduce a simple, universal payment to everyone, replacing much of the current complexity of means tested benefits and tax allowances.
- We will introduce a social security system which replaces the current complexity, and works with the powers devolved to the Scottish Parliament.

## Minimum wage

The minimum wage has been a success, despite the dire predictions made when it was introduced. However, it is set at too low a level. The idea of having a minimum wage below the level identified as a living wage is surely wrong. In practice, what happens is that people on the minimum wage have to receive state help with their income, and often also subsidy towards their housing costs. These state subsidies directly reward employers for paying too little, and reward landlords for charging high rents. It is both a distortion of the market, and a reflection of the failure of the market.

We believe that the minimum wage should immediately be raised to the level of the living wage, currently £7.85 an hour. We think it should be further increased to a level of £10 an hour, and that this change would need to be phased in, probably over a five-year period. Of course in five years that figure may no longer seem right, depending on what has happened to average wages and living costs in that time, but the figure indicates in terms of today where we think minimum wage should be pitched.

As well as benefitting those on the lowest incomes, this change will reduce dependence on loan sharks and payday lenders – the poorest people typically pay the highest interest charges though they can least afford them. Most of this increased pay will be spent back into the economy, as low paid people always spend a higher proportion of their income than the better off. And some state funding will be freed up for a better use than subsidising employers who pay poor wages.

The arguments against doing this reflect those put forward at the time of the introduction of the minimum wage, that businesses would close down, employment would fall and so on. Experience has shown that these concerns were unfounded, and hardly anyone now seriously opposes the minimum wage. In 2000, the Conservative Party reversed their original opposition to the minimum wage, having seen that the feared consequences had not materialised.

Some small businesses continue to express concern about increasing the rate of the minimum wage, fearing that they will be made unprofitable. There are several answers to this. The change will affect their competitors equally, assuming they don't employ significantly more staff to produce a similar service or product. They will find advantages in having a workforce which is better paid – things like retention and motivation are harmed by people feeling undervalued. And if we feel that section of the economy or particular industry should benefit from public subsidy to keep it going when it can't survive in the market, it will be better to provide support in more targeted ways, like rent controls tax changes or direct financial assistance, rather than using taxes to subsidise poverty pay. If a business depends for its survival on paying its staff poverty wages, its business model is not a sustainable one. We support small businesses by tackling the ways in which big firms practice unfair competition, not by accepting shoddy employment conditions.





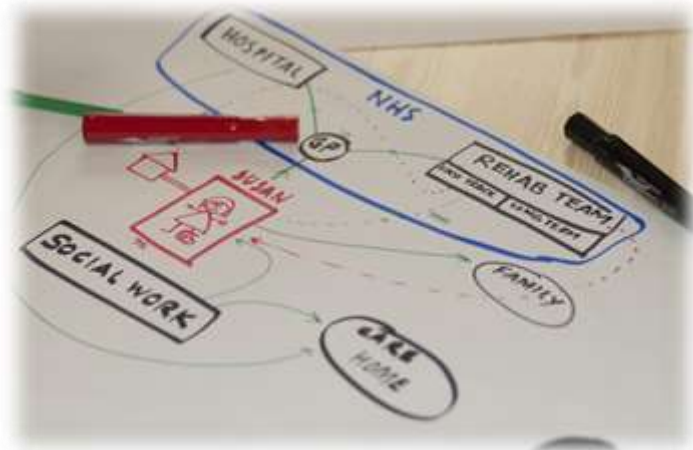
# Social security

There are problems with every aspect of our social security system: the underlying philosophy, the benefits themselves, the administrative systems which deliver them. We need short-term damage limitation, and longer-term radical reform.

Social security was introduced to protect people from want, recognising that we all have different needs at different times, and that the mark of a civilised society is how it looks after those in need. We are gradually moving away from that philosophy to a situation where people in need are viewed as though they are somehow trying to cheat the rest of us – while the real cheats, those who evade tax on their vast wealth, are too often not tackled. Claimants are increasingly seen as choosing not to work, and sections of the media seek out stories which will strengthen false stereotypes to bolster this idea. People who are unemployed are expected to go to increasing lengths to prove they are really looking for work, while those unable to work are subjected to notoriously inappropriate tests designed to show they really are fit to work. The prevailing culture is shifting from social security, to one of suspicion and mistrust.

We reject that philosophy. We see work as something which people want to do, not something which they have to be driven towards with threats and sanctions. The role of the state is to support people in time of need, not push them into any kind of work no matter how poor the job and how irresponsible the employer. (There is also a role for the state in helping to create socially worthwhile employment, though this is beyond the scope of this briefing).

This twisted philosophy of the social security system is reflected in how benefits are paid. The bedroom tax is one of the most shameful approaches to welfare payments we have ever seen. People who have been allocated to a property now deemed too big for them are being told to move, or lose benefits, as though they have chosen a lavish property far beyond their needs. The



simple truth is that social housing tenants have little choice over the property they live in – it is an allocation system based on assessed need, not a menu of desirable choices. Housing management staff, not tenants, allocate properties. Households change over time, as do individual needs, and people will need different things as their families grow and move on, as they age and perhaps become infirm or disabled. It would be madness to expect everyone to move whenever their needs change, and the whole idea of “lifetime homes” is about recognising and avoiding that disruption. And yet the bedroom tax says that if at any point a social housing tenant finds themselves in a property now deemed too big for their needs, they must be put through the cost and disruption of a forced move, and if their landlord has no suitable property, then the tenant must have their benefit cut. We reject this unequivocally.

Workfare is another flawed approach. The benefits system is being used to push people into poor quality jobs, supposedly on the basis that it will give them skills and experience, but in reality often something which leads nowhere, acting simply as a source of cheap labour for big firms. Work experience is extremely valuable but should not be a condition of receiving the social security somebody needs. There are many arguments in favour of a “job guarantee” system where people can be guaranteed work if the market fails to supply enough jobs, but the current system bears no relation at all to a proper job guarantee.

# Citizens Income

In the longer term, we need to reform the benefits system. There is an administrative aspect to this, and a more fundamental question of what the benefits system should be trying to achieve. On administration, the rollout of Universal Credit in England is fraught with difficulty. It is late, expensive, and often inefficient. We need to avoid similar problems in Scotland, but we also need to ensure that the system fully takes into account the differences arising from devolved powers in Scotland. We therefore need to put on hold the introduction of administrative changes until we are confident that they recognise the different situation in Scotland, and that they will work effectively.

More fundamentally, we believe that the benefits system should include the core idea of a Citizen's Income. This would be a universal, non-means-tested benefit paid to everyone who qualifies as a citizen (some ill-informed criticism has suggested it would be payable to anyone who enters the country; this is not what is proposed). It would be paid at one of three flat rates, for children (replacing child benefit), for pensioners (replacing state pensions) and for everyone in between (replacing tax allowances and benefits like Job Seekers Allowance).

For children and pensioners, the concept is very similar to what currently exists – a simple, standard payment which is easy to administer and which people have as of right. For people of working age, benefits are currently a complex mix of standard allowances which apply to everyone (tax allowance) and means-tested benefits, which are often hard to understand, which are costly to administer, which often penalise people seeking to move into employment, and which are increasingly subject to harsh and capricious sanctions.

Everyone would get citizen's income (CI) whether or not they were working. For most people in work, this would make little difference – they would gain CI but lose tax allowances. But for those on low pay or in part-time or irregular work, it would mean

they had the security of a CI and they would also be better off when they worked, rather than finding the poverty trap creating a disincentive to work, as now. People would have more scope to do valuable but unpaid work like caring or voluntary work, instead of losing benefits because they are “not available for work”. Women are still society's main care providers and a CI values this work. People seeking to do things which take up a lot of time but which may offer no immediate reward, like starting a small business, would have some sort of cushion to help them.



## HOW IT COULD BE



We don't expect a CI to replace all benefits. Things like disability allowances and carers' allowances would remain, as these need to be individually determined. Housing benefit and council tax benefit would stay, because again a flat rate system would not work.

Many big questions remain about CI. What rate would it be set at, to make a difference and meet basic needs while still being affordable? If the level of CI is affordable, won't it be too low to meet basic needs? How can it work together with the benefits and allowances that would remain? How could we move towards such a system, given that we are starting from quite a different place? Would it prove to be an incentive to work, or a disincentive? How do we ensure a CI tackles inequality and benefits the poorest? What sort of scheme will foster the broad social consensus needed for such a change to become reality?

These questions and others are valid, and important. Answering them fully will take time, and a lot more work. We therefore don't suggest that a CI could be introduced in the lifetime of the next Parliament – it is a longer-term project. We and the Green Party of England and Wales therefore see the process as being a staged one, with the following components.

1. Consultation. We need to introduce the concept to people, recognise that they may see it as strange at first, understand the practical and philosophical objections which may be raised, and be able to counter them.

2. Research. More work needs to be done to identify the impact of a CI at different rates, how it would work with those benefits that would remain, how to ensure that unintended consequences can be avoided and so on. This research would also address behavioural issues – how would the introduction of non-means-tested benefits for people of working age affect behaviour? Would people become entrepreneurs, or couch potatoes? Would it stimulate or stifle creativity and social value? Although we are clear in our beliefs on this, we recognise that other people will want some demonstration, not just assurances, that it will have good outcomes.
3. Planning. Legislation and administrative arrangements would need very careful design; we must avoid poorly planned changes like the bedroom tax and universal credit, and that means a lot of work.

In this way, we can progress the idea of a citizen's income to the point where we can show exactly how it can be implemented, and why it will work.

Picture credits: some rights reserved for all. 1. "Jobs Help Wanted" [photologue\\_np](#) 2. "Workshop drawing" [IRISS Photo Collection](#)



For more information:  
[www.scottishgreens.org.uk](http://www.scottishgreens.org.uk)  
08700 772 207  
Scottish Green Party, Bonnington Mill,  
72 Newhaven Road, Edinburgh, EH6 5QG

This briefing was prepared by Peter Mountford-Smith for the Scottish Green Party.