

# CITIZEN'S INCOME

## newsletter

Issue 1

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This edition of the Citizen's Income Newsletter is a collection of papers on various themes surrounding the CI debate.

The leader has been contributed by Samuel Brittan, who makes the case for continued progress towards a simpler and more universal tax-benefit system.

Stuart White highlights the tension between utilitarian aggregation and the endurance of putative 'civil interests'. The maintenance of those civil interests is contingent on economic independence ('the republican property right') and Dr White develops the common ground between that independence and alternative forms of a Citizen's Income, as part of a wider Republican treatise.

Michael Northcott takes as his starting point the British Medical Association report on *Growing Up in Britain* to focus on the consequences of driving economies by inequality. He questions the dominant orthodoxy from a Christian standpoint, relating the teaching of the gospels to the deficiencies in modern society's wealth distribution.

Bill Jordan examines the forces that divide societies, the policies that can counteract these forces and the institutions necessary to allow social cohesion and the promotion of widespread democratic participation.

The breadth of approach represented throughout this collection is a reflection of the appeal of a Citizen's Income. Each paper makes its own valuable contribution to the debate in which we are all engaged.

**Duncan Burbidge**  
Editor

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## Introduction

**Samuel Brittan**

*Financial Times*

An attraction for  
Gladstonian liberals.

Basic Income, and its near cousin negative income tax, have been under discussion for several decades. But the time may now be approaching when it becomes at least a candidate for the political agenda. One attraction of such measures is that they can attract supporters from across the conventional political spectrum. Most of the contributors to this issue arrive at basic income from some form of egalitarian or communitarian commitment. But it should be just as attractive to those classical or Gladstonian liberals who are happy with private property and unearned income, but worry that too few of us have it. I first started writing about the subject in 1973. The original attraction was that it could promote a form of capitalism which did not depend on the puritan work ethic. A further attraction was that I did believe that policies and institutions which priced workers out of jobs were the main cause of structural unemployment. But I was worried that there could be a good many workers whose market clearing pay was below the level that they would receive on the dole – let alone a more satisfactory minimum. Low pay is surely better than no pay, but only provided that those in low paid jobs receive top-up payments to lift them out of poverty. Indeed one of the severest criticisms of the “European social model” is that it exhibits a preference for fairly generous dole payments and early pensions rather than payments for the working poor. This will cost it dearly when the much discussed rise in the proportion of old people takes effect, and more and more beneficiaries will have to be financed from a smaller and smaller active population.

A third reason has been a desire to move away from the absurdity of the same households both paying tax and receiving benefit. A single payment to or from the state would be an obvious simplification. But tidiness is not an end in itself. Any such consolidation would have to be justified on the basis of higher take-up by those whom it is designed to benefit.

Gordon Brown deserves a lot of credit for introducing the top-up known as the Working Families tax credit and applying a similar approach to child and pensioner support. Yet there is danger of piling complexity on complexity. The Conservatives' social security spokesman David Willetts has legitimately pointed, in a paper for Politeia, to eight different tax credits and allied measures introduced or planned by the present government, some of which are to replace each other! There might be about 20 people in the country who understand it all.

There are alternative ways out of this morass. One could try to go “back to Beveridge”. Benefits would be received as of right on a status basis (eg by those who are unemployed or elderly) and we would just have to face the tax and transfer burden involved. This is implicit in the Willetts approach.

An alternative route to simplification, and one which promotes both redistribution and personal freedom, would be gradually to remove the Gordon Brown conditions, above all the stress on proof of paid employment. Meanwhile, out of the existing plans, there is likely to emerge an integrated child tax credit which would taper off with income. It would not be too revolutionary a step to remove the taper. If childless adults were then brought into the net we would have a basic income, whether given that name or not. The staging post might be a Participation Income in which voluntary service or communal work would count on all fours with paid employment. Eventually we might hope to drop even this condition so that every household or person received the equivalent of the personal allowance as an outright cash sum, to be offset against tax liability, if any.

Meanwhile we should above all try to avoid a civil war between supporters of a continuing basic income paid over a lifetime and advocates of a capital lump sum for young people advocated as a “stakeholder” distribution. We need to move gradually forward on whatever front we can.

The recent Treasury windfall from the sale of mobile telephone licences was a missed opportunity. But there are likely to be other such windfalls in future; and using them for a modest citizens' stake would be more imaginative than simply repaying national debt, even though it would be far from a costless option.

## Rediscovering Republican Political Economy

**Stuart White**

Jesus College  
Oxford<sup>1</sup>

*'Let their country therefore be a common mother to all the citizens; let the advantages which they enjoy there make them cherish it; let the government allow them a share in public administration sufficient to make them feel that they are in their home country, and let the laws, in their eyes, be nothing less than the guarantee of liberty for all.'*

– Jean-Jacques Rousseau, 'Political Economy', 1755.

### **1. Introduction: interrogating the question**

The question I have been asked to speak on is that of how to build a 'responsive' and 'effective' economy. I must confess to some uncertainty as to my ability to answer this question for you. For I am not, by profession, an economist, and therefore feel ill-equipped to approach the question as a professional economist would and as you might perhaps expect. I am a political theorist. I study the values that frame political debate and how these values might be embodied in alternative institutional arrangements. I study the traditions of thought that have emerged historically in an attempt to understand these values and the institutional means of their realization. From this standpoint, the question I have been posed seems to beg a set of deeper questions. Of course we all want a responsive and effective economy. But responsive to what demands? Effective towards what ends?

Historically, these questions have the focus of considerable debate, perhaps most especially at times of rapid economic change. In 18th century Europe, for example, philosophers and social critics agonized over the merits of the new commercial society that was growing up about them and did so, moreover, with a degree of open-mindedness that we may find hard to recapture today.<sup>2</sup> To be sure, a dynamic commercial society might maximize the level, or rate of growth, of commodity wealth. But is this necessarily a good thing? At what price might this growth in commodity wealth come? What values ought the economic system be designed to respond to, to be effective in promoting? Could the new commercial society be harnessed to these ends? If so, how?

One of the more noteworthy contributions to this 18th century debate was an article on 'Political Economy' that Jean-Jacques Rousseau contributed to the 1755 edition of Denis Diderot's *Encyclopedie*.<sup>3</sup> Rousseau was writing at a time when the discipline of 'Political Economy' was still undeveloped. The normative premises of the discipline – that is to say, the view of the proper ends of the economy implicit in the discipline – were not yet fixed (and, for many practitioners, forgotten), but still an urgent matter of controversy and debate. What I want to do today is to engage with Rousseau's text and to try draw out of it some ideas which I think might be useful as we think anew about the ends of economic organization and how we might achieve them. Drawing selectively (but I hope, honestly) on Rousseau, I want to try to set out and explore a distinctive conception of political economy: what I shall call *republican political economy*. I think that our contemporary discussion of economic and social policy can be enhanced by attending to this neglected republican perspective.

### **2. A political economy of the common good**

What end (or ends) ought the economy be responsive to and be effective in promoting? One indisputable answer is: the common good. But what is the common good? How do we, how ought we to, conceptualize it?

One familiar view interprets the notion in aggregative terms: to advance the common good means maximizing the amount of satisfaction or utility, or the amount of commodity or money wealth across members of the society (the precise maxim need not concern us here). Of course, holding all else equal, no one would dispute the intrinsic desirability of more of these things over less. All of us are probably utilitarians in this relatively weak sense. At the same time, I suspect that comparatively few of us are unconditional utilitarians. Few of us, I suspect, would, on due reflection, insist on producing more utility or wealth in the aggregate regardless of how this affects the distribution of utility or commodity wealth. Nevertheless, contemporary political discourse over the economy and economic policy is, I think, dominated by a utilitarian, aggregative conception of the common good. When politicians, including politicians of the 'centre left', tell us that 'Wealth has to be created before it can be distributed', they mean to express more than a banal truism. Very often, they mean to advance, and win our assent, for a controversial

value judgement: that the maximization of commodity wealth properly has precedence over increased equity in its distribution. This is the mind-set of 'commodity utilitarianism' which seems to dominate so much contemporary political debate.

It cannot be emphasized too strongly, however, that utilitarianism is only one, and probably not the most compelling, way of understanding what it means to promote the common good. In his article, 'Political Economy', Rousseau describes his conception of the common good using the concept of the *general will*. Economic policy must, he says, be crafted to respect the 'maxims of the general will'. The government 'must follow the general will in everything.'<sup>4</sup> What Rousseau means by the general will can be explained, very roughly, as follows. As members of a given political community we all have certain legitimate expectations as to what membership of this community will bring for us as individuals. We all have basic interests which motivate our membership of political society and it is accordingly the proper function of the community to protect and advance these interests. These interests, our *core civil interests* as I shall call them, include our interests in life, in liberty, and in 'property', that is to say in having reasonable access to the resources necessary for the maintenance of life and effective liberty. The laws of our community satisfy a general will when, and only when, these laws are such that each member of the political community can plausibly affirm them as protecting his/her core civil interests in life, liberty and property. It is because each associate can will the laws as properly respectful of his/her core civil interests that the will underpinning the laws is putatively general – it is a will that all citizens could reasonably be expected to share without their having to deny the importance of their own core civil interests, without undignified self-abnegation.<sup>5</sup>

Commitment to the common good, on this view, is not to be equated with utility or commodity wealth maximization. Rather, respect for the common good sets a limitation on how far the community may engage in the maximization of these things. It may be that by adopting one set of rules of economic cooperation rather than another we could create an economy which produces greater aggregate commodity wealth or utility. If, however, these same laws leave some citizens without secure access to the minimum of resources they need for life and effective liberty (a notion I shall return to below), then these laws cannot be said to serve the common good; for they increase aggregate commodity wealth or utility only by sacrificing the most basic good, that is to say, the core civil interests, of some members of the community. But if protection of these interests is, as I have said, a legitimate expectation of membership in a political community, then the wilful frustration of these interests on the part of a minority implies that members of this minority are not being treated as full members of the community. They are being treated as expendable inferiors. This is contrary to the basic ends of political association for, as Rousseau says: '...does not the body of the nation make an undertaking to provide for the conservation of the least of its members with as much care as for all the others? And is the welfare of one citizen any lesser part of the common cause than the welfare of the whole state?'<sup>6</sup>

So, yes, our economic system must be responsive to, and effective at promoting, the common good. But the common good must be understood in the manner of Rousseau: in distributive terms, as affirming the inviolability of each citizen's core civil interests. This is the first and fundamental principle of republican political economy.

### 3. Freedom as the central element of the common good

To apply this principle we need to know more about the interests that define the common good. I have spoken of core civil interests in life, liberty and property. Liberty here is central. But what, more exactly, *is* liberty? For Rousseau, liberty is, in its negative aspect, *independence*; and, in its positive aspect, *self-direction*. One enjoys independence when one is not under the direction of another, or under the open-ended threat of direction by another: '...the worst thing that can happen to one in the relations between man and man,' Rousseau tells us, 'is to find oneself at the mercy of another.'<sup>7</sup> Self-direction, by contrast, consists in forming a will of your own and then acting in conformity with this will; it presupposes a degree of self-possession insofar as those who are too open to the influence of others will be unable to form a will of their own, or to act consistently upon it.<sup>8</sup> Independence is a necessary condition for self-direction; self-direction, the positive use of independence. Rousseau regards liberty, understood as independence and self-direction, as having a primary, non-negotiable value to us. In part, this is for prudential reasons: 'each alone is the judge of how best to look after himself...'<sup>9</sup>; each is intolerably vulnerable to abuse when he is subject to the direction of another.<sup>10</sup> But, in addition, liberty is essential to our ethical personality, the personality we manifest by making and following our own

judgements as to the good and the just. We compromise this personality, and so compromise our humanity according to Rousseau, when we allow another to substitute his/her will for ours: '[t]o renounce our freedom is to renounce our character as men, the rights, and even the duties, of humanity.'<sup>11</sup>

The common good at the heart of republican political economy is, centrally, liberty in the above sense. To serve the common good, the laws must therefore adequately protect each citizen's interests in independence and self-direction. Only if the laws achieve this task will all citizens, as individuals who care about their own freedom, be able to give their assent to these laws. And such universal assent – that is to say, the emergence of a real general will – is itself important to our freedom. For if the laws are able to win the assent of each and every citizen then, in obeying them, each and every citizen may be said to be obeying the dictates of his own will. Obedience to authority is, in these circumstances, not subordination to an alien, external will, and so a curtailment of one's freedom, but an exercise of one's power of self-direction, and thus, an expression of one's freedom.<sup>12</sup>

But if liberty consists in independence and self-direction, what sort of laws are necessary to protect it? What are the conditions of effective freedom that the laws must guarantee? Rousseau is clear that freedom has an economic basis. Poverty jeopardizes independence and self-direction. In a state of material desperation, a poor man (we should add, woman) will be forced to enter into arrangements that compromise his/her independence. Rich employers, in buying the labour services of the poor, may well buy the right to dominate their lives. So freedom, understood as independence and self-direction, requires for its maintenance a material or economic independence. And so, if an economic system is to be responsive to, and effective in promoting, the common good, then it must, first and foremost, be responsive to this basic interest in economic independence. In Rousseau's own words: '...no citizen should be rich enough to buy another, and *none so poor that he has to sell himself*'.<sup>13</sup> Now this interest in economic independence, as one aspect of our core civil interest in liberty, in turn suggests a very particular understanding of the right to private property. This *republican property right*, as I shall call it, is not a right to private property of the laissez-faire kind – the right to acquire (almost) unlimited amounts of property through voluntary, unregulated exchange with others. It is, rather, a right to private property as a claim-right of citizenship: a right of reasonable access, held by each individual against the community at large, to that decent minimum of property (income and wealth) which, in the circumstances of the time and place, is necessary to maintain economic independence. People may be free to acquire income and wealth in excess of this minimum; but only in ways, and to an extent, that is consistent with universal access to said minimum – beyond this, 'property is theft'.

At the policy level, this republican property right might be instituted in a number of ways. I cannot review them all here. But turning to present-day policy discussions, there is, of course, a clear affinity between this republican property right, as I have called it, and the proposal for a Citizen's Income (CI): a periodic income grant paid to all citizens as individuals without any test of means or of willingness to work. One of the more attractive features of a CI is precisely the independence that it would confer on its holders, protecting them against market and perhaps domestic pressures that might otherwise compromise their freedom. However, I am not sure that CI is strictly the only, or even the best, policy instrument which could be used to implement the republican property right. Also pertinent here, for example, are present-day proposals for what we may term Citizen's Capital (CC). CC proposals envisage each citizen receiving a capital sum on maturity that he/she would then be free to draw upon as he/she chooses over the course of his/her working life (and, beyond that, for retirement). In some variants of the proposal, the CC grant is given to all citizens at a specified age as a simple cash lump-sum. In this vein, for example, Bruce Ackerman and Anne Alstott have recently argued that all US citizens should receive on maturity a grant of some \$80,000 (financed from a combination of inheritance and wealth taxes).<sup>14</sup> In other variants of the proposal, the CC is given as a set of credits which can in turn be used to help finance specific kinds of activity, such as education, training, active job search, or the establishment of a new business. In this vein, for example, David Nissan and Julian Le Grand have recently argued that all British citizens should be endowed on maturity with a grant of some £10,000 which would go into an individual Accumulation of Capital and Education account (financed from a revamped inheritance tax).<sup>15</sup> Each 'ACE' account 'would be handled by a set of trustees, whose purpose would be to approve the spending plans of individuals before releasing any

capital.<sup>16</sup> Nissan and Le Grand mention education, training, business start-up costs, and housing down-payments as possible approved uses for the grant. The conditionality of these latter CC proposals might be defended on the grounds that requiring citizens to make use of their share of the national patrimony in certain ways, e.g., to finance the development of marketable skills, contributes more effectively to the underlying end of economic independence. To use a phrase that comes directly from Rousseau, the conditions on the use of the individual's CC can perhaps be justified as a way of forcing the individual to be(come) free.<sup>17</sup>

Proponents of CI might well argue that the conditional variants of the CC proposal are objectionably paternalistic. However, in pressing this objection they should realize that CI itself can be criticised as paternalistic relative to the alternative of an unconditional lump-sum CC grant. A worry with the unconditional lump-sum variant of CC is that recipients might become what Bruce Ackerman and Anne Alstott call 'stakeblowers', blowing their entire grant, and with it their future economic independence, on a few wild nights of gambling and carousing in (say) Atlantic City. To prevent people alienating their future economic independence in this way we can instead pay them a periodic CI. Of course, I might blow this month's CI cheque irresponsibly. But next month brings a new cheque and a fresh opportunity to change my ways. It is harder (though, depending on the nature of the credit market, perhaps not impossible) to alienate permanently my economic independence. But if CI is plausibly defended on paternalistic grounds against unconditional CC, why can we not also defend a conditional form of CC against CI on the same grounds?<sup>18</sup> As far as Rousseau himself is concerned, I am not sure he would have been all that enthusiastic about the CI proposal. His reference point, and to some extent his ideal, was the artisan who enjoys and maintains economic independence through self-directed work.<sup>19</sup> I think he would have seen the non-work made possible by a substantial CI as likely to result in a sort of moral laxness that, in turn, would undermine the individual's genuine independence of mind and spirit. The job of the state is to assure us the tools we need to get and do honourable work, but not to take the responsibility of work from us. The duty of the state, Rousseau insists, 'does not consist in filling up the granaries of private citizens and dispensing their owners from work, but in ensuring that prosperity is always sufficiently accessible that, in order to acquire it, work is always necessary, and never superfluous'.<sup>20</sup>

Whatever Rousseau would have thought, however, we do not necessarily have to choose between CI and CC. As we think about how we might secure universal economic independence in contemporary circumstances we should, I think, explore the possibility of incorporating a modest CI into a CC program. If we can get a sufficiently generous CC system up and running, then we might allow some portion of the relevant grants to be drawn as income supplements (subject, perhaps, to ceilings on how much could be drawn down in this way per month or per year). Under the rubric of CC we would then have, in effect, a modest time-limited CI. Individuals would not be entitled to draw a substantial CI indefinitely; but those eligible for the CC would have a modest CI entitlement in the background which, prudently managed, they could trigger to assist them in moments of crisis or transition. And this could crucially increase their economic independence in these moments of difficulty. (I envisage this time-limited CI functioning, note, as a complement to a more conventional, work-tested system of income support, not as an alternative to it.)<sup>21</sup> Many issues remain to be considered, of course, e.g., that of how we might moderate the intergenerational inequalities associated with the establishment of a CC program; but I hope to have said enough to stimulate interest in the possibility of an integrated CC-CI program as one possible way in which we might better secure the republican property right in contemporary circumstances.

#### **4. Republican finance, civic virtue and patriotism**

Let us recap. A republican political economy is focused on the common good. It understands the common good to refer centrally to the common and inviolable interest each member of the community has in liberty (independence and self-direction). It understands that the protection of this interest in turn has important implications for the structure of property rights. Specifically, the right to property must be understood as referring centrally to various citizen entitlements which form a reliable basis for each person's economic independence. But how are these entitlements, a CI, CC, and so forth, to be financed? 'Where's the money to come from?'

In his 'Political Economy' article, citing the example of Rome, Rousseau suggests that the state draw a portion of its funds from a 'public demesne': from the rents accruing on publicly-owned lands.<sup>22</sup> Republican public finance looks, then, to public asset ownership as one important source of revenue: common assets to provide the funds for protecting the common liberty. Interestingly, this old republican idea has resurfaced in recent attempts to rethink the political economy of the 'centre left'. Gerald Holtham has argued, for example, that rather than taking over ownership and management of particular firms or industries (old-style nationalization), the state should instead gradually acquire a portfolio of shares across the economy (with management of these funds delegated to a third party). Over time, the value of this 'Community Fund' would rise with the appreciation in share values, eventually providing the state with a significant source of revenue independent of taxation.<sup>23</sup> Community Fund ideas can, of course, be explicitly linked back to CI or CC programs.<sup>24</sup> However, it must be acknowledged that the immediate pay-off from the establishment of a Community Fund is likely to be rather small – indeed, is likely to be negative in the very short-run in which tax revenues, instead of being used to finance public services and benefits, are being used to get the Fund started. Holtham envisages using proceeds from reformed inheritance and capital gains taxes to establish over a ten year period a Community Fund of £50bn. If the rate of return on the Fund is 6%, and the Fund is left to grow at 3% per annum, the Fund would then offer the rather modest sum of £1.5bn for public spending in its first year of operation (ten years from inception). Of course, in the very long-run, such a Fund would accumulate and offer a much larger annual sum for spending purposes. In this way, it could transform the strategic possibilities open to republican-minded governments in a couple of generations time. And this, in my view, is why a Community Fund is probably worth establishing – not because it is likely to do much to redress problems of limited economic independence here and now (indeed, as said, it may even detract from this objective in the very short-term), but because it may make it easier for republican governments to address these problems in years to come. It indicates one way in which we might begin now to craft a more genuinely republican economic constitution for the long-term.

In the medium-term, however, and probably even in the long-term, public asset ownership cannot substitute for taxation. Thus, if we are to make the economy serve the end of the common liberty then we must be willing to bear the taxation (and other burdens)<sup>25</sup> necessary to secure this end. But can we be confident that our fellow citizens – indeed, that we ourselves – will be willing to pay the necessary taxes? Even if an individual accepts that a specific policy best promotes the common liberty, his 'personal interest,' as Rousseau says, 'can speak to him quite differently from the common interest: his mode of existence, absolute and independent, can make him regard what he owes to the common cause as a gratuitous contribution, the loss of which will be less onerous to others than its payment is for him...'<sup>26</sup> I might readily agree that the common liberty is best secured if citizens in general pay taxes according to a certain schedule and yet wish not to pay the relevant taxes myself. According to one influential, and quite plausible, line of analysis, this has become a prevalent mind-set amongst British voters, and one that sets very serious constraints on the adoption of more redistributive policies that, from the republican standpoint, would secure the common freedom. My sense is that to a considerable extent the modern 'centre-left' takes this mind-set as a given, and sees politics as a struggle to tacticize (I will not say strategize) around it. From a republican perspective, however, while this may be understandable in the short-term, it is inadequate for the long-term. Over a longer time frame, the mind-set must itself be challenged.

The ability to subordinate self-interest to the common good – or, more accurately, to pursue one's own interest through, rather than against, the common good – is the essence of what republican political theorists term *civic virtue*.<sup>27</sup> Civic virtue, in this sense, is the truly distinguishing feature of the person Rousseau terms 'Citizen': a citizen is not merely the occupier of a certain legal status, but a special kind of moral agent. But citizens, as moral agents of this special kind, cannot be taken for granted. They have to be made. 'It is not enough to say to the citizens: 'Be good.' They must be taught...'<sup>28</sup> Hence in his article, 'Political Economy', Rousseau puts great stress on the importance of civic education: an education that inculcates an appropriate spirit of *patriotism*: 'a vigorous and pleasurable feeling which joins the power of self-love to virtue in all its beauty, giving it energy without disfiguring it, and so creating the most heroic of all passions.'<sup>29</sup> A patriot, in the republican sense, is not a national chauvinist, but someone who cares enough about









































