

Citizens Income

newsletter

Issue 1 Autumn 1998

Goodbye to the Bulletin:

From late 1984 until this spring the Citizen's Income Trust and its previous incarnation the Basic Income Research Group have owed an immense debt to the economist Hermione Parker, one of the original founders of the Trust and Editor of the Citizen's Income Bulletin. Her great authority and energy persuaded many high-powered experts - from the fields of politics, sociology, economics and half a dozen other disciplines - to write articles for the Bulletin. We very much hope that she will continue to contribute to our new Newsletter. We are sure all of our readers, who have learned so much from her own articles for the Bulletin, will join all of us at Citizen's Income Trust in offering her every possible good wish for the future.

Activities at Citizen's Income Trust

The Government's commitment to protecting the environment must be under strain with the mountains of paper being produced in the form of Green Papers and consultation documents. Here at Citizen's Income Trust most of our time these days is spent reading through the various texts and making our responses as appropriate. As mentioned in Policy Developments (page 5) the so-called 'Green Paper', on welfare reform sets out the Government's key principles. The emphasis is to rebuild around work, with "work for those who can, security for those who cannot and opportunity for those now denied it." The objective is to put in place by the year 2020 a new welfare state that provides a range of high quality services and not just benefits.

The Citizen's Income Trust has taken full advantage of the current debate to reiterate and develop our proposals for the introduction of a Citizen's Income. Over the next few months we shall be looking at ways of reconciling theoretical support for a Citizen's Income, at a reasonable level, with concerns about the consequences for marginal and average tax rates.

Work is underway on the production of a new discussion paper to coincide with the publication of the promised Green Paper on pensions reform. Separate chapters will look at the role of SERPS; the National Insurance contributory principle; Pay-as-you-go (PAYG) vs. funding; and actual incomes of pensioners today compared with expectations for the future.

The publication of Ursula Huws' paper entitled Flexibility and Security generated a lot of interest (see Letters page 2). A review in the New Statesman described it as "a good account of the different European approaches to changing labour markets." The July issue of Labour Research describes it as a "very thoughtful study" that "urges the need for more research and discussion." Copies of the report are available from this office, price £5.00.

The Citizen's Income Made Simple leaflet is in high demand. It is a useful introduction to the subject, and is particularly suited for advice centres and distribution at conferences, seminars etc. Copies are available free from this office.

Discussions are also underway to establish closer collaboration with the Conference of Religious in Ireland (CORI). As past issues of the Bulletin have reported, there is serious ongoing discussion about the feasibility of a Basic Income in Ireland, with a Green Paper promised by June 1999. The Citizen's Income Trust very much welcomes the opportunity to develop closer links between the two organisations and is seeking funding for an exciting new comparative research project.

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Letters Page

"I am sure that basic income is a subject that will continue to be debated widely and that we must learn from the experiences of other countries especially within the context of increasingly flexible labour markets and globalisation. Studies such as that by Ursula Huws will make a valuable contribution to that discussion." Rt. Hon. Frank Field, Former Minister for Welfare Reform.

"I agree that combining flexibility and security will be a major challenge for Government, not just in this country but in other EU member states as well. I believe we must remove barriers to employment, by increasing flexibility, employability and at the same time securing the rights of the workers engaged in more flexible ways of working and protecting those who are unable to work." *Rt. Hon. Andrew Smith, Minister for Employment, Welfare to Work and Equal Opportunities.*

"Welfare reform and flexible employment are at the heart of the current European debate about how best to promote economic prosperity and inclusiveness. Your report is a useful contribution to that debate and one that we will read with interest", *Foreign and Commonwealth Office, European Union Department*.

Letter to the Guardian: reproduced below is a copy of the letter to the Guardian from the Director, published on 22/2/98. In brackets is the text that was omitted!

"[I read with interest Colin MacCabe's piece 'Why I lost my faith in the welfare state' (*The Guardian*, 18 February 1998). True,] there is little dispute that the welfare state, contrary to popular belief, has traditionally benefited the middle classes disproportionately. Indeed the Government's recently published *Case for Welfare Reform* acknowledges that 'the poorest 20% get a lower share of social security benefits than they did in 1979'. Mr MacCabe is very right to draw attention to the absurd level of costs involved in attempting to distinguish between justified and unjustified claims for benefits (almost 3.5% of total benefit expenditure is wasted on administration).

[Those who share Mr MacCabe's view that the middle classes are 'scrounging off the state', would be well advised to support the introduction of a universal, unconditional Citizen's Income. Universal benefits have proven themselves to be a less costly and more administratively and economically efficient way of 'targeting' the poorest members of society.

A Citizen's Income is no quick fix and its introduction would not initially be sufficient to replace all means-tested benefits. Its crucial advantage is that it would be a non-withdrawable benefit, making other tapers far less punitive. Its introduction would help form the basis of a new tax-benefit structure that would allow individuals to take more control over their own lives. A Citizen's Income is not an 'extreme right-wing proposal' but a practical approach to long-overdue welfare reform]".

We thought our readers would like to know just how difficult it is to have Citizen's Income discussed thoughtfully by the media!

Obituary

Geoffrey Hubbard was a keen advocate and long-term supporter of Citizen's Income.

Christine Davis, of the Joseph Rowntree Charitable Trust writes "Geoffrey, a former civil servant, was a committed Quaker, a successful writer and an educationalist. First and foremost a dedicated enthusiast who gave his energy to all of the endeavours he adopted, he knew why he supported them and his clarity was an asset to them. When he became committed to something, he was wholehearted. This combination of warmth of support with understanding of the issues, an appreciation of practical politics with a puckish sense of humour, made him a valued colleague and companion.

Geoffrey was a dedicated European. His quiet work for the Quaker Council for European Affairs, its Brussels base and wider constituency, was unstinting and largely unrecognised by Friends in Britain. As a JRCT Trustee he was always on the alert to encourage those movements which serve equity, justice and responsible community building. All those who knew Geoffrey feel strongly that he has been cut off in

his prime, leaving a great sense of shock that his vigour has gone. Geoffrey was a practical visionary and will be sadly missed."

The Citizen's Income Trust is deeply indebted to Geoffrey Hubbard for his stoic support for our objectives and would like to convey our deepest condolences to Geoffrey's family, friends and colleagues.

Seminar on 'Capital, Labour and Citizenship'

at LSE on 9th July, 1998

This was the first in the Citizen's Income Trust's summer-autumn series of seminars on Labour Market Flexibility and Welfare Reform. It was attended by some 35 participants, who heard three very cogent and well-argued papers on this theme.

Dr Jacqueline O'Reilly of the Wissenschaftszentrum Berlin für Sozialforschung pointed out that the postwar 'social settlement' was based on two 'contracts' - between labour and capital, and between men and women (the 'gender contract', under which men as 'breadwinners' brought home a 'family wage'). The decline in male employment in Continental Europe, and the rise in employment among married women in the US and UK indicated that both these are now under strain. She reviewed a number of policy issues that are debated somewhat differently in the UK and Germany - part-time work, wage costs, training and working time - and discussed the issues for income maintenance raised by the changing balances between regular and irregular employments, and men's and women's participation.

Professor Ronald Dore drew on his wide experience of Far Eastern, American and European research to review the different kinds of flexibility in labour markets worldwide. Greater freedom to hire and fire, more mobility between employments and individual employment contracts unconstrained by collective agreements all signal the bargaining weakness of low-skilled workers, and the increasing disparities in earnings and conditions between these and their high-skilled counterparts. In all First-World countries, and especially in the post-communist world, there is now a surplus of unskilled labour, and returns to labour as a proportion of GNP are falling, so inequalities are increasing in line with the growth of flexibility in national labour markets. He concluded that the scope for economic re-integration and social inclusion through 'full employment' policies is strictly limited, and that a citizen's income approach would be more promising. On pensions, he drew attention to the huge growth in financial services with a stake in private pensions, through the stock market, and hence an interest in resisting citizens' pensions, even though these remain a feasible option.

Professor Hartley Dean and Dr Margaret Melrose spoke of the Americanisation of British welfare systems, through tighter conditionality and stronger coercive powers. They outlined their matrix of repertoires within popular discourse on welfare reform, and correlated these with their typology of responses amongst interviewees who had committed benefit 'fraud'. They concluded that the British government's 'Third Way' on welfare is far cruder and more simplistic than popular perceptions, which are complex and dynamic, using all the available political and moral resources in quite subtle ways. The New Labour regime will not be able to change minds and behaviour just by changing benefits rules, and curtailing 'dependence' through coercion may actually undermine commitment to work, family and citizenship.

The papers were followed by a lively discussion from the floor.

The next seminar is on September 17th. Speakers will be: Ursula Huws, Ken Mayhew and Dr. Colin Williams. Full details from the Citizen's Income Trust on 0171 955 7453.

Events Round-up

Conall Boyle, Citizen's Income Trust's Midlands representative, presented an excellent Counterblast programme in the BBC2 series, *After Work*. He challenged the assumption that full employment is achievable. A lot of the programme was taken up examining the way in which, for many people, their job is everything because it defines their identity, whereas others have to grapple with the prospect of never earning a regular salary.

This cleverly led on to discussion of a Basic Income system as an alternative. Featuring interviews with Fr. Sean Healy in Ireland and Sam Brittan of the Financial Times, the programme was a significant breakthrough in media terms. Described by *The Scotsman* as "a radical programme which said, in effect, something must be done. It was worth watching."

"What Conall was leading us round to was an alternative system which has its supporters in both Britain and Ireland. This is the 'basic income scheme' in which every man, woman and child would be paid a small sum by the state as a right. How would it be financed? For a start every adult who went out to work would be taxed on every penny earned, and also there would be a tax on companies which exploit natural resources (water, minerals) which could be interpreted as belonging to us all. I am sure we all raised a muffled cheer to this idea, although we were not treated to a financial breakdown."

A workshop, entitled *The Future of Work in Europe*, was organised by the New Times as part of this weekend-long event. Chaired by David Purdy, Head of Social Policy at Manchester University, this slot attracted a large audience. The speakers were Michael Allen, Senior Researcher at the Cranfield Centre for Strategic Trade Union Management, John Grahl, Reader in Economics, Queen Mary and Westfield College, and Rosalind Stevens-Strohmann, Director of the Citizen's Income Trust.

There was a very lively debate with many questions and comments related to Citizen's Income (CI). Was CI synonymous with any one political party in Europe? Was CI relevant as a solution to unemployment? How did a participation income differ from a CI? One participant, whilst fully recognising the moral arguments in favour of a CI, felt it would be of little benefit if introduced at a poverty level. Another commentator believed CI detracted from the value of work in terms of personal development - those who do not make a contribution through 'work' are excluded from society.

Rosalind Stevens-Strohmann replied that whilst CI was no panacea for solving all aspects of poverty, it provided the most effective and the simplest solution to implementing long overdue tax-benefit reform in the UK. The present system created poverty traps and a culture of benefit dependency. She also argued strongly against the presumption that only 'paid' employment constituted 'work'. How could we as a society argue that the tasks undertaken whilst caring for an elderly or disabled relative do not constitute work, or make a valuable contribution to our society as a whole? A CI could act as a mechanism for the long overdue redistribution of income but even a small CI would help overcome obstacles to breaking out of poverty and dependency.

Issue three of the *People's Europe Newsletter*, which gives a general report of the conference and summarises the conclusions of all the main panels and workshops, is available from the Project Co-ordinator Tel 0171 833 1629 email: peoples.europe@pop3.poptel.org.uk website: www.pe98.org.uk

Held at Mary Sumner House, London SW1 on 10 June 1998, with guest speaker: DfEE Minister Alan Howarth MP.

Held to launch a major report *Welfare-to-Work and the long term unemployed: in their own words* by Dann Finn, Martin Blackmore and Matthew Nimmo, (published by the Unemployment Unit and Youthaid, 322 St. John Street, London EC1V 4NT price £8.99). The research draws on fieldwork conducted in Portsmouth, North London, Coventry and Manchester. It presents findings that show how the older long-term unemployed, and the front line staff they have contact with, negotiate and make sense of the many initiatives, programmes and benefit regulations which together aim to tackle welfare dependency. A key finding was that jobseekers wanted full-time permanent jobs that would pay them a 'living wage'. Part-time and temporary employment was unattractive because it meant disrupting a claim and thus threatening income security. This was particularly problematic for those receiving Housing Benefit and reinforces the case (long argued by the Citizen's Income Trust) for tackling the rigidities of the current benefit system, which assumes a simple transition into permanent, full-time employment.

The key speakers at this seminar were Prof. William Julius Wilson, renowned left-wing Harvard analyst of the underclass, and Geoff Mulgan, special adviser at the No. 10 Policy Unit.

Both speakers saw work as the key to reducing poverty. Wilson argued that paid work is the only way for welfare mothers to get out of poverty, while Mulgan emphasised the Labour Government's determination to promote a work culture. Work, he said, includes people into society and provides status and resources, which is why (in a one-sentence aside) he said he was not in favour of basic income.

A number of speakers from the floor questioned whether paid work was such a panacea. Affluent mothers can choose whether or not it is in their child's best interests that they work, but poor mothers are being told that work is morally good for them. The one contribution from the floor to generate widespread applause was an articulate statement that there are more kinds of work than paid work, notably caring responsibilities, and the Government has yet to recognise this. Mulgan agreed with this statement, which makes his objection to citizen's income somewhat puzzling. Not only does it reward all kinds of work, it also frees people to choose their own mix of work - it encourages work without undermining liberty.

Few in the academic establishment are prepared to criticise today's mantra that paid work is the solution to all social problems, but I sensed from the mood of this well-attended meeting that there is a groundswell of opinion that understands there is more to life than paid employment.

There will be a report of proceedings at the BIEN 7th International conference on Basic Income, held between September 10 and 12 in Amsterdam, on the topics of Full Employment without poverty; Sustainable Funding; and Social Europe, in the next issue of the Newsletter.

Policy Developments

UK

The April Budget and the proposals outlined in *New ambitions for our country: A New Contract for Welfare* (March 1998) provided an early indicator of the direction in which the Government is headed. The emphasis is firmly on 'making work pay,' backed by a range of tax incentives.

A key test of the Government's policy objectives will be their impact on poverty. The Government appears to be saying that it recognises that the most effective way to prevent poverty and benefit dependency is to extend rather than diminish universal benefits. The New Contract for Welfare reaffirms the cornerstones of universality for the state pension and Child Benefit, but 'targeting' still figures heavily in other areas.

The April Budget included some welcome measures such as the increases in Child Benefit by up to £2.50 per week.

The new Working Families Tax Credit (WFTC) will from October 1999, be paid to either the man or the woman and there will be a substantial contribution towards childcare costs for those in work with children aged up to 11. The WFTC will provide a guaranteed minimum income of at least £180 per week for someone in full-time work. Income tax will not be payable on earnings below £220 per week. The WFTC will bring some welcome improvements to severe tapers but will still leave about 800,000 families with a marginal tax rate of 68.5% or more, and around 200,000 facing a marginal deduction rate of over 80% due to the combined effect of the taper with those of Housing Benefit and Council Tax Benefit.

The introduction of the WFTC will create a precedent in Treasury accounting procedures. The Treasury will need to reclassify social security expenditure as taxation foregone — an approach that could equally well be applied to a Citizen's Income.

The announced move of the Contributions Agency to within the Inland Revenue in 1999 is a useful first step towards the integration of taxation and National Insurance contributions. Regrettably the proposed changes have not addressed the needs of those who earn less than £64.00 per week, do not qualify for contributory benefits and thus have to rely on means-tested benefits.

Investing in Reform

On 14 July 1998 the Government published its public spending plans for 1999-2002, *Modern Public Services for Britain: Investing in Reform*, Cm. 4011). The key objectives mirror those set out in the Budget: sustainable growth and employment, promoting fairness and opportunity and providing efficient and modern public services. The Government has committed itself to strict fiscal rules, which will have an impact on the social security benefit expenditure budget (although actual increases will be hidden within the revised accounting procedures to be used with respect to the Working Families Tax Credit). The vocabulary used in the document emphasises the importance accorded by Government to 'direction', and targeting.

The commitment to universality appears to be weakening with each review paper that appears. (A trend we would expect to continue following the resignation of the Rt. Hon. Frank Field in July). For example, the new Educational Maintenance Allowance is to be piloted for 16 to 18 year olds, but eligibility will be based on parents' income; the New Deal for Communities will 'target' the most run-down estates. There is to be "rigorous selection of priorities" over the next three years to enable additional resources to be "reallocated to education and health".

The Government's commitment to welfare-to-work initiatives is also reiterated in the document. A promised "principal reform of the social security system" is to ensure that resources are "more effectively spent on those who need health".

Limiting Administration Costs

A welcome development is the decision to limit expenditure on DSS administration by making it subject to a Departmental Expenditure limit. We hope that the Government has

taken note of its own findings that an absurd level of costs is involved in attempting to distinguish between justified and unjustified claims for benefits (yet their vocabulary does not suggest that they have). At present around 3.5% of total benefit expenditure is wasted on administration. On closer scrutiny of the project budget, initial optimism begins to flounder - administration costs are projected to fall to around 3.4% as we approach the millennium, despite the fact that social security expenditure will rise in some years above the rate of inflation. Again we have no details as yet how the cost of administering the Working Families Tax Credit will be accounted for.

The Comprehensive Spending Review, whilst still keeping us waiting for long awaited policy proposals on pensions, nevertheless appeared to offer some promise for Britain's poorest pensioners.

It was a real disappointment when two days later the then Secretary of State for Social Security (Harriet Harman) announced a package which will introduce more targeting and appears to be a clear shift away from the commitment to universality for pensions promoted in the New Contract for Welfare (op.cit). Nobody would wish to find fault with a policy which, on the face of it, will do a great deal to help the most needy members of our society. The provision of a guaranteed minimum income of £75 to single pensioners on Income Support, plus annual help with fuel payments, free eye tests and concessionary travel will provide some comfort to those who have suffered poverty for many years. The efforts being made to find the estimated one million pensioners entitled to Income Support but not claiming it are equally admirable. Yet in our view, targeting is a retrograde step in the longer run objective of alleviating poverty in retirement. Income Support recipients already receive over £6.00 per week more than a single pensioner receiving the basic state pension. Those who have saved hard enough to qualify for a small additional pension fall into the poverty trap, whereby they succeed only in disqualifying themselves from a package of valuable benefits available to Income Support recipients. This makes them hardly any better off, and sometimes worse off, than if they had not bothered to save at all. With the value of the state pension falling steeply in relation to average earnings, there seems to be little point for those in the lower earnings bracket to even attempt to make private provision, something which all Governments (and the Citizen's Income Trust) would seek to promote. It is hard therefore to see how the desired 'short-term' increase in the number of pensioners on Income Support and hence receiving a guaranteed minimum income, can be reconciled with the longer term objective whereby "a combination of a basic state pension and wider provision of second pensions will mean that few people are left to depend on means-tested benefit" (Ms Harriet Harman, Hansard, 6 July 1998, col. 721).

We all need pensions

Early in June, the independent Pension Provision Group, chaired by Tom Ross, published its report *We all need pensions; the prospects for pension provision*. The report was commissioned by Government last summer to provide analytical and diagnostic input to its Pensions Review. The Group was asked to look at current and future trends in pension provision. The report highlights the need for the state to continue its vital role in providing meaningful pensions to the low paid or those who have long periods out of employment. The state also had a key role in setting the right framework for people who can save for their retirement. Tom Ross notes that "If pensions policies remain as they are, the Group expects widening inequality between people who have good pensions in retirement and those who do not. The poorest pensioners will rely increasingly on means-tested benefits." The report also concludes that, due to the low value of the state pension, the UK will have no problem in affording them in the future. However, the priority has to be improving the pension rights of the vulnerable. The report also recognises the essential redistributive role the state must play and the need to provide incentives to save without relying solely on compulsory private pensions.

The Citizen's Income Trust firmly believes that the immediate introduction of a Citizen's Income pension would alleviate poverty amongst the poorest pensioners without incurring excessive budgetary expenditure. It would provide a first-tier, non means-tested tranche of universal pension for a limited increase in the pensions budget. Whilst we believe that the Government is right to make it a priority to ensure that everyone who is in a position to do so makes adequate provision for his or her retirement, we believe that the best way to promote second and third tier provision amongst the lower income groups is the assurance of a guaranteed basic pension that would not be subject to means-testing.

Ireland

The Irish Government is seriously considering adopting a Basic Income. A Green Paper has been promised for next year and a Committee, chaired by a member of the Prime Minister's office, is looking at the viability of such a strategy and its implications for the wider economy. A special study has been commissioned in the context of the Partnership 2000 initiative, which will evaluate the economic, social, budgetary and administrative impact of the introduction of a Basic Income scheme. The first phase, looking at the costs and distributional analysis of a Basic Income, is currently under way. The second phase will consider the dynamic effects of such a system from a broad economic and social perspective and will draw on the findings of phase one. It will assess both the immediate and long-term effects on the economy of introducing a Basic Income scheme with particular reference to (1) labour supply and demand responsiveness (comprising detailed behavioural analysis of key labour market cohorts, including the long-term unemployed and in respect of migration patterns); (2) economic growth; (3) the return on investment and consequences for foreign direct investment; (4) wage rates and competitiveness; (5) the informal economy (6) budgetary priorities; (7) gender dimensions in relations to all of the above. Father Sean Healy, of the Conference of Religious in Ireland (CORI) who is on the Basic Income Working Group, says a Basic Income system could be introduced over a 3-year period. CORI can take credit for persuading the Government to agree to an independent appraisal of the concept of a Basic Income, and the outcome of the studies is awaited with interest.

France

Whereas in Britain the current Government appears to be toying with the idea of means-testing traditionally universal benefits, in France the Government has recently done a massive U-turn on attempts to do likewise. Only a year ago controversial means-testing was introduced. On 12 June 1998 Prime Minister Jospin launched a new Family Policy, effective from 1999, when all families with two or more children will be eligible for child benefit, regardless of income. To offset the cost, the government is to cut back on generous tax allowances currently enjoyed by families with children. Jospin is keen to silence critics of the change by pointing out that the new approach will be 'more progressive and redistributive' than means-testing.

As supporters of a Citizen's Income know, a universal child benefit provides a successful working example of how a basic income for all citizens would work. This change of heart by the French is therefore very much to be welcomed.

Spain

The Green Party of Castilla y León is keeping up the pressure in their demands for a universal basic income scheme. In May a submission was presented to the Congress of Deputies putting forward the case for "una renta universal vital," which, they argue,

would ensure the fulfilment of certain constitutional rights including human dignity and adequate housing.

Book Corner

Challenges to the Welfare State: Internal and External Dynamics for Change
Henry Cavanna (Ed.)

This book examines and assesses cultural, economic and political problems facing the United States and Europe and provides policy suggestions to alleviate them. Sir Samuel Brittan, Assistant Editor of the Financial Times, singles out the growing differentials in market-clearing rates of pay in the UK for special attention, in support of his call for a minimum income guarantee. Whilst he argues that a full basic income is unlikely to be affordable in the foreseeable future, he still favours "a very small unconditional payment to everyone to keep the principle of citizen's income alive." Brittan's introductory chapter, together with a series of chapters by other expert authors, also addresses the question of whether further integration in Europe will result in an environment where all citizens are guaranteed only certain basic social rights and are encouraged to take private financial responsibility for health care, pension provision and insurance. Contributors include: P Beneton, S Brittan, H Cavanna, M Ferrera, N Glazer, H Keman, S Kuhnle, E Matzner, K Newton, V Rys, P Scherer. Edward Elgar Publishing 1998, 224 pp, hbk, ISBN 1 85898 636 2 £49.95.

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Towards a Humane Individualism

lecture to John Stuart Mill Institute by Samuel Brittan

This pamphlet breaks with past tradition and includes three texts by Sam Brittan: In Defence of Individualism, Making Common Cause; How liberals differ and what they ought to agree on; and Redistributive Market Liberalism. The latter will be of particular interest to supporters of a Citizen's Income and is an edited version of the John Stuart Mill lecture delivered by the author at the National Liberal Club, London, in November 1997.

Brittan reminds us that sensible redistribution may involve a minimum income, but that, in his view, should not be confused with the minimum wage, which serves only to price people out of jobs. Brittan goes on to explain the differences between a Negative Income Tax (NIT) and a Basic Income (BI). He concedes that the absence of any work test in determining entitlement to the Basic Income is not a concept readily accepted by the general public, although it should be if we wish to help people avoid being complete "wage slaves". He believes both NIT and BI would need to be assessed on a "willing to work" test, which could be expanded to include voluntary work or activity in the arts or sports. Furthermore, he argues that a full Basic Income would "go some way to combat Frank Field's fears about the dependency culture". In speaking of Basic Income to this distinguished audience, Brittan hoped to follow the late Professor James Meade's example of "being prepared to discuss ideas which are not yet practical 'in the present state of humanity' but to whose realisation we should look forward". (Pamphlet available from the John Stuart Mill Institute, 1 Whitehall Place, London SW1A 2HE, published 1998, ISBN 1 871952 15 6, price £7.50)

Social Insurance in Europe, Joseph Clasen (ed.)

This book summarises the main arguments about and highlights the lessons to be learnt from European experiences of social insurance and social security as a whole. It is an excellent and comprehensive text, which explores modern pressures on the social insurance model. Clasen, whilst doubting whether social insurance schemes will be replaced by some type of basic or citizen's income, calls nevertheless for existing systems to be reformed to allow for the inclusion of groups currently not participating in insured employment. Angus Erskine, author of the chapter on Britain, notes that new forms of provision for income security through a basic income are central to radical proposals for reform that cut across the political spectrum. The simple attraction of a basic income scheme is acknowledged, although concerns are expressed about housing costs and premiums for those in receipt of disability benefits. (Policy Press, 1997, 291 pp, paperback, ISBN 1 86134 0, price £16.95.)

Setting adequacy standards: how governments define minimum incomes by John Veit-Wilson

This is an excellent international survey of how the governments of ten countries worldwide set their Minimum Income Standards (MIS). The UK Government currently has no MIS to assess the adequacy of minimum wages, tax thresholds or social security benefits.

This book shows how it should go about it, setting a MIS which is publicly acceptable, methodologically defensible and administratively feasible. It is essential reading for everyone concerned about poverty policy and income maintenance. (Policy Press, January 1998, 142 pp, paperback, ISBN 1 86134 072 9, price £11.95, US\$21.50.)

The new Politics of Welfare, Bill Jordan

This topical textbook provides a critical introduction to the current debates and politics surrounding welfare reform in the United Kingdom and the United States. By explaining the origins and main tenets of the new Blair-Clinton orthodoxy and comparing policy in Western Europe with the dilemmas facing the governments of Central and Eastern Europe, it is the first text to place the reform process in the context of the post-war state's development, and the present global political and economic situation.

The book accessibly links the new politics of welfare to liberal and communitarian theories of citizenship and social justice, and assess the broader prospects for European policy in the struggle over economic and political integration. (Sage Publications, October 1998, 256pp, cloth £45.00, paperback £14.99.)

In Brief

Housing Benefit, Time for Reform

Professor Peter Kemp of Glasgow University has recently completed a study examining housing benefits and the relationship with work incentives. (Proponents of a Citizen's Income have never claimed that a Citizen's Income could replace all benefits, particularly Housing Benefit. The way in which Housing Benefit affects the poverty trap is a key one and this study is to be welcomed for making significant inroads into this very

important aspect of social security reform.) Kemp highlights the steep withdrawal of Housing Benefit as income rises which acts as a disincentive to earning additional income from employment and is therefore inconsistent with Government objectives of making work pay. Measures proposed by Kemp include lowering social housing rents to cut the number of recipients, replacing Housing Benefit with a housing tax credit based on average local rents, and simplifying administrative rules, limiting the need to readjust benefit levels when only minor changes in claimants' circumstances have taken place. Such measures would help to ease the transition from means-tested dependency towards rewarding individual enterprise and autonomy (all features complementary to a Citizen's Income). Copies of the report, published by the Joseph Rowntree Foundation, are available from York Publishing Services, tel. 01904 430033.

Mothers and the definition of 'Work'

An interesting question was recently raised by Lord Kennet in the House of Lords (Hansard 21.7.98 col WA 97-98). He asked that the Government and Civil Service should adjust their language so as not to imply that mothers looking after small children are "not..... working."

The Office for National Statistics (ONS) has piloted a time use survey measuring unpaid work which confirms that work about the house, caring for children and other unwaged activities are of substantial social and economic significance. The ONS is currently seeking partners across a range of organisations to undertake a full survey in 1999-2000. Time surveys are a useful way of measuring social and economic activity without reference to GDP. Here at Citizen's Income Trust we are delighted that official recognition is being given at last to the value of these activities. A first step, we would hope, towards securing entitlement to "a small but guaranteed income unconditionally."

Young musicians to benefit from a guaranteed income

The announcement in June that musicians are to be part of the New Deal is heartening for supporters of a Citizen's Income. The New Deal will help young musicians either by offering them help under the full time training and education option, the employment option, self-employment or a combination of the two.

Musicians are exempt from the proviso in the New Deal that requires all 18-21 year olds unemployed for six months or more to join a welfare-to-work scheme. Instead individuals and bands will receive career advice from specially appointed local advisers who will help them to move from benefit into careers in the music business. Young musicians who opt for the self-employment option will have the opportunity to 'test trade' i.e. do gigs, attempt to get a record deal etc. whilst automatically receiving a training allowance equivalent to their normal Job Seekers' Allowance plus a grant of £15.38 per week.

Whilst conditionality features prominently in the scheme, we nevertheless welcome the due recognition of the individual's need (and right) to develop creativity and thereby boost self-esteem. Young musicians will receive a benefit to which they are entitled, not because of their 'availability for work' but in recognition of their individual talent and contribution to society.

It is a very welcome step in the right direction!

Archbishop of Finland supports Citizen's Income

Dr John Vikström, Archbishop of Finland, recently featured in the Finnish press making public his support for a Citizen's Income which, he believes, offers a possible solution to social exclusion. "Basic income would send every citizen the following encouraging and motivating message: 'You are important, you are not a burden but a resource. You are important by being a human being. Whatever work you do, in whatever situation, whether or not you are paid to do it, you still contribute to building our society.'"

Honorary Awards

The seventh David Thomas Prize has been awarded to Jeremy Baskin, of Johannesburg, South Africa, for his essay entitled 'A Basic Income for South Africa.' Mr Baskin is Adviser to South Africa's Labour Minister. He received the award at the Financial Times London headquarters in May. The prize was established in memory of the former Financial Times' journalist who was killed on assignment in Kuwait in 1991. The theme of the 1998 award was "The Future of Work."