

# Citizens Income newsletter

Issue 3

Autumn 1999

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**Citizen's Income Trust**

**Citizen's Income Study Centre**

**Citizen's Income Newsletter**

**London School of Economics and Political Science**

**St Philips Building, Sheffield Street**

**LONDON WC2A 2EX**

**Tel: +44 (0) 207 955 7453**

**Fax: +44 (0) 207 955 7534**

**Email: [citizens-income@lse.ac.uk](mailto:citizens-income@lse.ac.uk)**

**Co-ordinator & Editor: Stuart Duffin;**

**Administrator: Carolyn Armstrong**

**CI Leader: The Contributory Principle**

The social Security Committee of the House of Commons has been taking evidence on The Contributory Principle<sup>1</sup>. The debate on the funding of social security has tended to focus upon the amount of expenditure rather than on payment methods and citizens' preferences. However, underpinning 50% of social security is the contributory principle<sup>2</sup>.

In the UK, entitlement to National Insurance benefits is conditional on a National Insurance record. The receipt of contributory benefits is not based upon assessment of an individual's needs, nor are the benefits made universally available. There is a strong link with paid employment. Usually, only those in paid work can afford to make the insurance contributions. On average, 24 million people contribute to the scheme, and the beneficiaries include 10.6 million pensioners, 2.4 million in receipt of sickness related benefits and 2.1 million unemployed people.

In late 1997, the Department of Social Security commissioned the Centre for Research in Social Policy at Loughborough University<sup>3</sup> to explore the public's understanding and knowledge of and attitudes towards the contributory principle. The research showed that when people are informed about the funding of social security and the benefits received they

support the contributory principle. They believe they have a right to contributory benefits because they have a contract with the state, which they have met by making contributions. They think it unfair that people who have made some but not enough contributions receive any benefits. Views, which have been expressed, include:

- The National Insurance scheme should provide better provision for carers of sick and disabled people because they have made a non-financial contribution to society, which ought to be recognised;
- contributory benefits should not be means tested; and
- There should be no time limit to the receipt of Incapacity Benefit, which should be a simplified, single flat rate benefit.

There is a widespread delusion that, because retirement pensions and some other benefits are conditional on sufficient contributions having been made, they are paid out of some fund, that is the property of the individual in the same way as an occupational or personal pension fund. In fact contributory benefits are paid for by the taxes on those who are working in the year of payment, just like the running costs of schools, hospitals and so on. Moreover, these same taxes are used to pay means-tested benefits like Income Support and often means-tested benefits are larger than contributory ones.

Advocates of CI have to convince people that all benefits are financed from the same pot of taxation. Then it will more readily be accepted that everyone should receive a universal basic income (but with extra for those suffering from disabilities or chronic illness) instead of their subsistence income being determined by their past employment history or present means. All other income would then be taxed to help pay for these Citizen's Incomes. It is a matter of debate to what extent CIs should also be financed by taxes on capital, expenditure or environmental degradation, for example.

A generation ago there was an appreciable number of people, principally married women, who chose not to work and therefore made no National Insurance contributions or did so at a special reduced rate. Nowadays the people who are excluded from work and so later from contributory benefits are those who have care responsibilities or who want to work but cannot find jobs because of lack of skills or age discrimination. So the objection that CIs would be paid to the undeserving rich has largely ceased to apply and those who are penalised because we do not yet have CIs are the underprivileged poor.

<sup>1</sup> HC 485-i; HC 485-ii; and HC 485-iii, 1999

<sup>2</sup> Dilnot A, 1998, "Reforming National Insurance

Contributions", Fiscal Studies. Vol.9,no.4

<sup>3</sup> Stafford,B, 1998, "National Insurance and the

Contributory Principle", DSS Research Report No.39

# CI Reports

## Social Policy Association Annual Conference

University of Surrey, Roehampton 20-22 July, 1999

These three papers indirectly present a valid, coherent and logical justification for the introduction of a Citizen's Income.

Firstly, there is Arber and Ginn's paper: Pension Prospects of Ethnic Minorities: Variations by Gender, Class and Ethnicity: University of Surrey. The research assesses the risk of discrimination and social exclusion of people from ethnic minorities. (This is likely to be increase in later life if they lack financial resources.) Pension income, because it is influenced by position in the labour market and years of full employment, reflects the operation of discrimination in employment, for example concerning women's employment from different ethnic groups. Employment patterns vary according to ethnicity and within the groups by gender (Dale, 1998). Yet little is known about the pension arrangements of ethnic minority groups of working age.

The research examines the extent of ethnic disadvantage in pension scheme arrangements and analyses variation according to class, gender and specific ethnic groups. The research uses two years of the British Family Resources Survey, which

provides information on about 64,000 adults, including 3,600 from ethnic minorities. The work in progress highlights the vulnerability of the elderly in achieving financial security in later life.

Kay Peggs (University of Portsmouth) discusses, "A Minimum Income Guarantee: Attitudes of women in mid-life to claiming means tested benefits after state pension age" provides a clear case for a Citizen's Income Pension. Older people tend not to claim benefits because of stigma and lack of knowledge about entitlements are key contributory factors. Both papers reach similar conclusions; but by different routes. That is a straightforward increase in state basic (or perhaps a Citizen's Income) pension, to above the levels of benefits, regardless of personal capital, is the only way to ensure that all current and future pensioners, the majority of whom are women, will receive the "Guaranteed Minimum Income" as promoted by the Chancellor of the Exchequer, Gordon Brown.

Giddens promotes that social inclusion and exclusion are essential in analysing and responding to inequality. However, financial exclusion exacerbates these processes. Therefore, the needs for programmes, which promote Personal Finance Education, are becoming more necessary. Odih, et al from the University of Keele have emphasised the significant role that this could play in the construction of morally responsible and financially self-sufficient citizens. "Education for self-reliance" is the theme by which individuals can be educated in to achieving citizenship through managing their financial 'responsibilities'.

The UK Government promotes the idea of duties and responsibilities. However, Government has a role to fulfil through guardianship and stewardship. In advancing this ethos the transition to the introduction Citizen's Income is not too far removed from desired policy outcomes.

Dale, A. and Holdsworth, C. (1988), Chpt. 4 in J. O'Rielly and C. Fagan (Eds.) Part Time Prospects, London, Routledge

## CI findings

### Labour Market Flexibility and Welfare Reform

A series of short seminars on the theme of, "Labour Market Flexibility and Welfare Reform", were organised by Professor Bill Jordan in 1998 and 1999 at the Citizen's Income Study Centre, at the London School of Economics and Political Science.

The seminars focused on the links between the new Labour Government's programme - flexible labour market and welfare reform.

The seminars consider the changing character of European labour markets and the policy options, which are likely to be most appropriate. A deep restructuring of work is taking place across Europe. European labour markets are increasingly identified by flexibility, and there is a broad agreement amongst all the member states about the need for versatility. Firstly, this has been essential to increase productivity and competitiveness, and secondly, in the fight against unemployment.

The adaptability of labour markets brings with it turbulence and uncertainty. It poses challenges to policy makers. This growth has led to problems of insecurity of income and employment. It has led to a divided society. A large and growing proportion of the workforce is either in self-employment, in part-time employment or in insecure or

intermittent employment (Ursula Huws). Flexible contracts tend to imply exclusion via uncertainty, lack of clarity and low pay. This means that the wage system is moving away from a family wage (Guy Standing). Also, we have seen a marked shift in employment towards higher skill jobs.

Many of these forms, of new ways of working, involve the employment of women. Women have continued to enter the labour market, often finding it easier to secure employment than their male partners do. However, geographically, jobs are more unfairly spread. In Europe, there is now a surplus of unskilled labour. Returns to labour as a proportion of GNP are falling, so inequalities are increasing. This is in line with the growth of flexibility in national labour market (Ronald Dore).

One of the key issues these trends raise for the future of work in Europe also relates to how the welfare system operates. This begs the questions of how significant will the sources of job growth be in jobs not covered by social insurance? In addition, how can flexible workers be provided with social protection? Also, can the unemployed take up these jobs or are they penalised by the existing benefit system? Therefore, how can a minimum level of social protection be ensured without trapping the unemployed in dependency?

Most European social protection systems are developed on a model of employment. This assumes that everyone has access to full time permanent employment and that these workers are breadwinners supporting a dependent family. Benefits are based upon contributions and eligibility often depends upon continuous service. As a result there is a growth in the proportion of the population not covered by contributory benefits. The result is that this discourages economic and social participation.

Social security rules play a destructive and negative role in reinforcing the employment divide. It is obvious that there is a mismatch between the structure of European labour markets and the social protection schemes, which are in place. The question then is what adaptations to social security rules are necessary to stimulate more innovative forms of work?

All member states are facing similar challenges regarding labour productivity, competitiveness and employment. The UK experience highlights some of the issues at stake. Achieving a new balance between economic efficiency and social justice, through increased labour market participation is a key aim of the policies currently being implemented by New Labour. However, contradictions remain between achieving a genuinely flexible labour market in Europe (in order to allow European industry to respond quickly to market change and compete effectively in a global market) and promoting social cohesion (in order to ensure a stable and peaceful European society in which the benefits of growth are distributed throughout society) (Ursula Huws). For instance: Can the 'Third Way' on welfare that 'promotes opportunity instead of dependence' be consistent with improving Britain's lagging productivity and competitiveness? Can investment in education and skill development be adequately rewarded through jobs that are mainly routine, for example: in the care of the elderly people and the service of household activities. And can the new measures to improve incentives and enforce responsibilities be introduced without unacceptable levels of persuasion and rising costs?

The key issues are whether there are approaches to the distribution of work that can sustain productivity and competitiveness in the long term while at the same time

prevent social exclusion. The overall message is that whatever the route taken to national and economic success, flexibility needs to be underpinned by security.

One answer to this would be in the introduction of a universal citizen's income. A Citizen's Income cannot be regarded as a cure for solving all issues. It can offer the best approach to achieving the right balance between flexibility and security of employment (Bill Jordan).

## Update on Basic Income Developments in Ireland

Dr. Sean Healy

Director

Justice Commission of the Conference of Religious of Ireland (CORI)

At the end of 1996 a new national agreement was signed between Government and Social Partners, which include employers, trade unions, farming organisations and the community and voluntary sector. (CORI Justice Commission is a recognised social partner within the community and a key player in the foundation of the social partnership.) This agreement included a commitment that "a further appraisal of the concept of, and full implications of introducing a basic income payment for all citizens" would be undertaken. To deliver on this commitment a Working Group was established which decided to conduct the study in two distinct but inter-related phases.

Phase one is now almost complete. It looks at the cost and distributional implications of the introduction of a basic income scheme similar to that proposed by CORI in its many publications in recent years. Phase two is underway and is focusing on the dynamic effects of such a system from a broad economic and social perspective.

The phase one study was divided into two parts which were undertaken by an ESRI team led by Dr Tim Callan and a team led by Professor Charles Clark, St John's University, New York. Great care was taken to ensure that the study focused on the structural effects of introducing a basic income system. The final results of phase one will be published soon. They will show that the tax rate required to fund such an initiative is in line with that already identified by CORI. It will also show that Basic Income would have a dramatic effect on reducing poverty.

The Irish Government has undertaken to publish a Green Paper on Basic Income once these studies have been completed. Phase two is likely to be published later this year. The Green Paper should not be far behind.

### Tackling Poverty and Extending Opportunity Major Treasury study published

Chancellor Gordon Brown, Social Security Secretary Alistair Darling and Minister for Public Health Tessa Jowell launched a major Treasury study on the causes and scale of poverty and inequality in Britain and the best means of tackling it. The six-month research study "Tackling Poverty and Extending Opportunity" contains shocking

conclusions on the scale of poverty and inequality, and the passage of inequality from generation to generation.

The study, based on 1997 figures, shows:

- 12 million people in the UK - nearly a quarter of the population - live in relative poverty - almost three times the number in 1979;
- inequality rose by a third between 1977 and 1996 - almost unique among developed countries;
- inequality is passed from generation to generation - the children of the low paid are much more likely to be low paid.

It is the most extensive Government analysis yet of child poverty, showing that:

- 4 million children were living in poverty in 1995 - three times the number of 20 years ago;
- 2 out of every 5 children are born poor. Many of them born to families who were not poor before the birth of their child. As many as 1 in 6 families are pushed into poverty with the birth of a child;
- poverty damages a child's life chances. By the time children are 22 months old there are clear social class differences in their rate of educational development and these differences continue to widen when children start school.

The study concludes that work and access to work is the key determinant in the in Britain today and lack of work is the primary cause of poverty. It shows:

- the number of workless households has more than doubled over the last 20 years;
- work is the best route out of poverty - 8 out of 10 people who moved into work moved out of the poorest fifth;
- education is the key to success in the labour market - what you learn is directly related to what you earn - half of people who have no qualifications are without a job.

The report emphasises that work history has a profound effect on life chances of individuals and their children: in the mid 1990's half of those leaving unemployment were unemployed again within the year; people get stuck in a low-pay, no-pay cycle. The number of men stuck in this cycle or on a long-term, low-paid job has doubled since the early 1980s from 1 in 14 to 1 in 7.

The findings in the Treasury report are backed-up by research published by the Joseph Rowntree Foundation.

The paper highlights the strategy the Government is pursuing to tackle poverty and inequality. The strategy covers investment in education to give poor children an equal chance to fulfil their potential, help for families, help to get into work and additional £6 billion a year in support for children. It includes:

- 375,000 people are already participating in the New Deal. It has already helped 55,000 young people, 6,000 long-term unemployed workers and 6,000 lone parents from welfare into work;
- reform of the tax and benefit system to make work pay and remove the unemployment and poverty traps for families with children.

The Working Families Tax Credit will provide every family with children with a full-time job a guaranteed minimum income of £200 a week. It means working families will be £24 better off than if they were on Family Credit; increases in Child Benefit - by next year it will be worth £15 for the first child and £10 for the second and subsequent children making sure that all children have the chance to thrive when they start school by providing £540 million for the Sure Start programme to deliver integrated services for children under 4 targeted at the areas of greatest need. Budget 99 announced further support for the very earliest stages of development with a Sure Start Maternity Grant to replace the Maternity Payment at double the rate (£200). Investing an additional £19 billion in education over the next 3 years to raise standards and narrow the performance gap.

However, the role and support for a Citizen's Income has not been mentioned. This is surprising given that the findings of the report emphasise that poverty is about lack of money as a means of accessing choices.

The drawbacks to the WFTC have been highlighted in the previous issue of the Newsletter (Winter 1998). What we do know is that if a Citizen's Income were introduced, we could be sure of almost 100% take-up. It would help promote a more flexible labour market yet ensure that the most vulnerable would be protected. It would be simple to administer, without the need to put an extra burden on employers, especially Small to Medium sized Enterprises (SMEs).

We do have one ray of hope. The WFTC system operates on an accounting system similar to that required for the introduction of a Citizen's Income. The opportunity to explore the strengths and weakness of the system will allow the CIT to develop a policy response and monitor the impact. In this way the CIT can participate, more fully, in the dynamics of welfare policy formation. A promotional option for the CIT is to start talking to the SMEs and their trade bodies. With them on our side we may begin to enhance the CI debate.

Another failing of the Treasury Report is that it does not tackle poverty in later-life; the review of pensions; the development of stakeholder pensions and the promotion of the minimum income guarantee for older people.

These issues will be the special focus of the next issue of the Newsletter.

Copies are available from

HM Treasury's Public Enquiry Unit

Room 89/2

HM Treasury,

Parliament Street

London SW1P 3AG

Or at: <http://www.hm-treasury.gov.uk>

## CI Partnerships

# Unfinished Business:

J.K. Galbraith promotes CI:

The distinguished economist J.K. Galbraith was awarded an Honary Doctorate on 29 June 1999. This is an edited extract from Professor Galbraith's acceptance speech.

"The word 'work' is our most misleading social term. It designates the occupation of those who would be very unhappy without it. And we use the same word for hard, repetitive, even physically painful toil. No word in the English language stretches over such different conditions. There is the further perverse fact that those who most enjoy what is called work are those who are best paid. And they are also allowed the most leisure.

In the fortunate countries there has been an enormous increase in the production of goods and services, the wherewithal of life. The measure of the increase, the annual rise in Gross Domestic Product, has become the prime indicator of all human progress.

Success as measured by economic output bears no close relationship to human achievement. The most ardent artistic effort is now devoted not to the arts but to promoting the sale of goods and services. And so also most of our scientific efforts now concentrate on getting new products for the market. When you hear it being said that we've entered a new era of permanent prosperity with prices of financial instruments reflecting that happy fact, you should take cover. This has been the standard justification of speculative excess for several centuries. Let us not assume that the age of slump, recession, depression is past.

**I come to two pieces of the unfinished business of the century and millennium that have high visibility and urgency. The first is the very large number of the very poor even in the richest of countries and notably in the US. Once the impoverished were scattered over the countryside in our case, especially in the rural south. Now everywhere they are in the great cities, melding in with the larger urban mass. In the fortunate lands, poverty, urban poverty, is the most evident and painful of the economic and social legacies from the centuries past.**

**The answer or part of the answer is rather clear: everybody should be guaranteed a decent basic income. A rich country such as the US can well afford to keep everybody out of poverty. Some, it will be said, will seize upon the income and won't work. So it is now with more limited welfare, as it is called. Let us accept some resort to leisure by the poor as well as by the rich.**

We have a bizarre problem in the distribution of income - a heavy concentration in the very top income brackets, much less to those below. There is now a stirring discussion of inequality; I would like to see it intensified. When it is said, as it is, that we should protect the income of the rich, reduce taxes in order to encourage effort, I have an answer. Perhaps we should have a higher marginal rate of taxation to stimulate effort to maintain after-tax income. This is not widely applauded.

As we look at the achievements of the century just past, we must all pay tribute to the end of colonialism. Nothing so ensures hardship, poverty and suffering as the absence of a responsible, effective, honest polity.

But in a humane world order we must have a mechanism to suspend sovereignty when this is necessary to protect against human suffering and disaster. Economic aid is important, but without honest, competent government, it is of little consequence. We have here one of the major unfinished tasks of the century...."

# CI Book Reviews

**Standing, Guy. Global Labour Flexibility: Seeking Distributive Justice.**  
Basingstoke: Macmillan, 1999, 404pp.

In this major book, the culmination of several years of research, Guy Standing, co-chairman of BIEN and senior economist with the International Labour Office provides an overview of global labour market trends and the accompanying shifts in social policy towards greater selectivity, privatisation and complexity. He shows how social democrats and other reformers have embraced the "new paternalism" in moving towards workfare and its "Third Way" variants. The book concludes by suggesting that the challenge for the next decade will be to form the economy by means of new forms of redistribution. Combining real freedom for all citizens and work flexibility will require moving towards basic economic security, through a citizenship income of some kind, economic democracy and a more effective voice in the regulation of labour and social relationships.

(Author's address: ILO, CH-1211 Geneva. Tel/Fax: 41-22-774 2239, GuyStanding@compuserve.com. BIEN members can obtain copies at a special discount price (£10 sterling) via BIEN's secretariat or directly from this address.)

**Forrester, Viviane. The Economic Horror, Polity Press, 1999**

**Price £9.99**

A thought provoking and challenging text. The text is translated from the original French.

A bleak picture is painted of contemporary western society. A civilisation based on wage labour is collapsing. The poor are no longer "a reserve army of the unemployed"; they have become, from the point of view of the corporations, permanently superfluous. Work remains the elusive bait of the economic elite, who claim that if enough sacrifices are made for the health of the market economy, then investment and growth will eventually restore employment and prosperity to all.

Forrester's intention is not to analyse the global economy but to condemn the way the victims are treated.

She describes and analyses the "humiliating regimes imposed on welfare claimants". E.g. the reforms of the educational system aimed at promoting employability in flexible labour markets. Also, Forrester gives an analysis of the continuing efforts to lower wages and limit structures of social protection. She asserts that "those who lose their paid work also lose the capacity to challenge their circumstances."

In the case of the UK, it must certainly be wrong to increase constraints on people who are already deprived of real choice in so many aspects of their lives. Work has normally been the basis of self-respect and participation in society, but this is true only of stable jobs at decent wage rates. We need to challenge the winners in the free market. In essence any solution requires a massive redistribution of resources.

It is probably correct that "citizen's income schemes offer the best model of welfare state reform. This is not because they are adequate in themselves but because they might allow us to weaken, and eventually dismantle, the repressive system of controls and prohibitions to which claimants are subjected". She also believes that "We should look first for a mode of distribution and survival that would not depend on wages."

**Butchart, T and Hills, J. Private Welfare and Public Policy, Rowntree, 1999** Social policy has tended to be dominated by New Right ideas of 'rolling back the state' and restoring market forces. In addition social welfare has been characterised by a complex mix of public and private

sector partnerships. The shift from the 'pure public' welfare state over the last 20 years provides the focus for the contributors to this book. The book covers the evolution of private welfare, who uses it and why, attitudes towards public provision and the constraints on changing the boundaries between the public and private sectors. It evaluates the impact on efficiency and distribution of private provision, finance, and offers some policy options.

The authors analyse welfare activity using three key measurements: provision, finance and decision making:

- Is the provider a public or private sector body?
- Does the public sector pay for the service either through tax subsidy or indirectly through benefits or tax relief?
- Can individuals choose for themselves the provider used or the amount of services?

The book is essential reading for all those interested in understanding the ways in which welfare needs are met today and how they might change in the future. They state that the Labour government is shifting the emphasis towards efficiency and quality of care. This is because opportunities to shift from public to private finance are limited, and are likely to be costly and therefore unpopular.

## CI Extracts from the Press

### Education: poor to be paid to stay in school.

BBC News 11 May 1999

Children from deprived backgrounds are to be given £40 a week to help them stay in education, the Chancellor Gordon Brown has announced.

At a conference in London on homelessness, the Chancellor has announced the introduction of

"educational maintenance allowances" which will encourage young people from poor families to remain in school and college. Mr Brown is set to promise that the government is committed to rescuing the "lost generation of young people" who miss out both education and work and who are at risk of drifting into delinquency and homelessness

The payments will be made available to 16 to 18-year-olds in families with an income of less than £13,000, with the money going directly to the children rather than parents. The scheme, which is set to be piloted from September in deprived areas in inner-city London, north-east and north-west England and the midlands, will provide a living allowance for school pupils who might otherwise be unlikely to stay on in school.

Mr Brown told the Foyer Federation conference that he wants to change a benefits system which at present provides more money for young people who have left home than for those who have stayed at home and continued studying.

"We must not only deal with the consequences of poverty, we must tackle its causes. We are determined to provide a new future for the many thousands of people who have been written off for too long, unable to realise their potential," said Mr Brown.

"Our challenge amongst young people is to persuade them to stay on at school or college, to take careers advice and to recognise the need for even the most basic qualifications if they are to secure a job."

"The government must come clean on how they plan to pay for the educational maintenance allowance if they ever introduce it nationally," said their Employment Spokesman Damian Green.

"It is likely that they will have to abolish child benefit for 16 and 17-year-olds living at home. All they are doing is redistributing money within the household," he said.

The areas in which the payment scheme will be piloted are Bolton, Nottingham, Cornwall, Doncaster, Gateshead, Leeds, Middlesbrough, Oldham, Southampton, Stoke-on-Trent, Walsall and the London boroughs of Lambeth, Lewisham, Southwark and Greenwich.

Could this be developed into a form of Participation Income (for children)? If means testing of family incomes is removed then it is a CI (for children) and to be warmly welcomed. In moving the debate forward, let's advocate CI more vigorously with policy formers.

Sir, "Tenants on income support do not automatically have all their rent paid by housing benefit,.... Reform of the housing benefit scheme is certainly overdue. But our evidence repeatedly shows how a narrow preoccupation with containing expenditure can compromise broader government objectives and result in increased spending in other areas. Rent restrictions rules are undermining strategies to improve the quality and quantity of private rented accommodation available, adding to local authority costs in housing homeless families, and undermining the aims of the new deal for under 25's.

The housing benefit scheme should be reformed to provide the foundation of housing security on which other social policies can be built."

As you will be aware the Government are reviewing housing benefit. The burden of administering Housing Benefit falls on local authorities. A system, which is clear, simple and easy to understand, is part of the solution. CI schemes in the UK, to date, have not included an element for housing. However the variation between tenures and costs makes this a significant issue in the introduction of a CI. (Therefore, a universal or common housing assistance coupled with a Citizen's Income would enable a flexible, logical and clear to administer system to be developed. The nature of the relationship between a Citizen's Income and Housing Assistance should be explored.

This is a gap in our research, which needs to be filled. At the CISC we are developing proposals, to work in partnership, to review, appraise and report on this issue.

## CI Diary

Future events

European Institute of Social Security

Venue: Lemesos, Cyprus 6-9 Oct 1999

Conference on Work Patterns and Social Protection

The conference aims to give an accurate version of these dynamic work patterns. Work patterns are changing. This has meant the broader lines between employment as a wage earner and as a self-employed person are fading. Attention will be paid to the diversity of social protection systems operating within Europe for the self-employed. The Sessions will enable those who are interested in social security to examine the various experiences of growth of atypical work and self-employment. For further information and booking contact:

Department of Social Insurance

7 Byron Ave.

1465 Lescosia, Cyprus  
or  
eiss@law.kuleuven.ac.be

# CI Letters

J Diabate

London  
Dear Editor,

Risks of crime are highest for young people; the unemployed; single parents; private renters; and those living in inner-cities and in areas of high physical disorder. Poverty and unemployment are contributing factors. Indeed, most crime affecting women and older people is poverty related.

The Government is trying to reduce crime through welfare reform, which includes:

Welfare to work and The New Deal for young people and single parents

Supporting Working Families

Health Action Zones

Community regeneration

Employment Action Zones

Anti-poverty Programmes

Let's compare this to the labour-market implications of a CI. Its advantages are reckoned to be the following:

- Alleviation of poverty by providing an income on which people with low earnings potential could build through paid work and savings;
- Improved work incentives by allowing people on low incomes to get back into work, and/or work more hours, or receive a higher salary;
- Encouraging people to undertake higher education, training or re-training by providing a small income maintenance;
- Recognition of the value of unpaid work by helping all those unable to engage in full-time work because of caring responsibilities; and
- Top up for retirement income.

Therefore, could a **Citizen's Income**, in the long term, prove to be an effective alternative strategy to crime prevention and reduction? Does anyone know of literature and research looking at the possible effects of a **Citizen's Income** on crime? If yes, what conclusions were reached? If not, would anyone be interested in conducting research in this area?

Jon Robson Ludlow, England  
Dear Editor

I have read the paper by Jurgen de Wispelaere (Reciprocity and the Right to Non-exclusion, CIT Occasional Paper, 01, 1999) with interest, and judge that a brief comment is in order.

If I understand him aright (one has to penetrate the jargon), he sets out to provide a theoretical justification for CI. For whose consumption, I wonder? Surely such a justification is of practical use only if it would reconcile voters to the concept of CI. But there will be few voters who will understand his solution, and those who do will not accept it; it is too far-fetched.

Surely the writer is barking up the wrong tree. CI should be presented as a Return of Tax for most citizens, just as Child Benefit is a return of tax for most parents. For the minority, most obviously those for whom CI would represent whole income, CI could be wholly a return of tax. If they are of pensionable age that would be acceptable: it is the ones of working age about which we have to worry. Here the quantities are crucial; CI would have to proceed in the faith that only a few would choose voluntarily to live on CI alone. If they were only a few, then the mass of the electorate would grin and bear it.

Such tolerance could be promoted by the vigorous reform of the tax-benefit system generally, a reform, which must, in my view, accompany the introduction of CI. For example, counter-productive, fraud-ridden housing benefit should be abolished. Tax reforms should include an assault on expenses; rolling up NI into income tax; VAT at 10% on everything; and shifting the pensions relief from contributions to the pensions income.

**We welcome readers' views on CI and related topics. To submit your comments please write to the Editor of the Newsletter at the CISC address on page 1.**

## CI Resources

The Citizen's Income Study Centre (CISC) library offers a variety of resources (newsletters, academic papers, articles, reviews, reports, research findings, and books) focusing on essential topics in social policy such as poverty, unemployment, and the causes of social disadvantage related to gender, ethnicity, class and tax and benefits systems. These issues are examined and analysed from a variety of disciplines, such as of sociology, history, politics, economic and statistics, human rights and others.

The library also provides a comprehensive overview of the issues surrounding a Citizen's Income Scheme, including new areas for discussion and research. The reader will be able to find the answers to such questions as affordability, political feasibility, equity and efficiency. With a view to address the needs of a variety of audiences, CISC has developed a range of services:

- The Citizen's Income Made Simple leaflets are a useful introduction to the subject and are particularly suited for advice centres and distribution at conferences, seminars, etc..
- Aspects, a series of more detailed information sheets are in the process of being updated and will serve as a building block for those interested in developing their knowledge further.
- Citizen's Income Newsletter, is written in an easy to read style and will provide the public with up to date information. It is published four times a year and highlights new developments and partnerships, research-findings, and publications on issues directly relating to a Citizen's Income.
- The Citizen's Income Study Centre will soon have an improved Website, including a virtual library and the development electronic journal. An online debate on CI, which is funded by the Social Policy Association will be a key part of this new development. The aims of this new service is to improve the accessibility of our resources as widely as possible to all members of the public with a view to developing and promoting the debate on a Citizen's Income Scheme. We welcome any ideas and suggestions.

Finally, the Library is also a centre for research. Currently, the Citizen's Income Study Centre in partnership with the Justice Commission of the Conference of Religious of Ireland (CORI) is undertaking a twelve-month programme of research on the impact of

introducing a Basic Income in the UK and Ireland. The research is funded by the Joseph Rowntree Charitable Trust. A preliminary report on the findings of the first phase of the research is in hand. This focuses on comparing the cultural and political barriers facing a Basic Income proposal in both the UK and Ireland. It then seeks to explain why a basic income proposal has remained marginal to the UK mainstream policy forum while in Ireland it has achieved the status of a policy option.

The CISC needs to be aware of what research is being done; and identify what else is needed. Where a recognised need is not met CIT will work to encourage co-operation with researchers and institutions to seek funding.

Judith Granata.