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# CITIZEN'S income

## newsletter

Issue 2

2000

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In line with the interest created by the February launch of the Scottish cross party group on Citizenship, Income, Economy and Society, leaders of the main parties in the Scottish Parliament are being asked to contribute to the newsletter. In the following article, the SNP's Social Security spokesman, Alex Neil outlines his party's plans for a more inclusive policy. The SNP is the official opposition to the Liberal Democrat-Labour Party coalition government in Scotland.

### **CI Leader: SNP on Social Security**

#### **Alex Neil explains the Scottish National Party's view**

The 'Third Way' is under pressure to deliver for the many and not the few. Participation in by-elections, which has been low, is perhaps reflective of the general political malaise that has been created. People north of the border are not happy with the promotion of a neo-liberal approach to social and economic development, policy and management. Delivering for the majority and providing financial security for elderly people, disabled people and single people, with or without children, needs to be the focus of a modern approach to a programme of social and economic justice.

Although Section 28 has grabbed the Tabloid headlines, Social Security, or rather social insecurity has played a key part in the Scottish Parliament's debates. Concerns are raised amongst ordinary people about the new rhetoric of 'work pays'. When Labour came to power in 1997, there were nearly one and half million people living in Scotland on less than half average income. With over twice as many people in poverty than in 1979, it was obvious that something needed to be done to redress the balance between rich and poor. New Labour has ignored the largest inequality faced by society at the beginning of the new millennium: the poverty experienced by the elderly and those who cannot access a secure source of income, ie economic justice. Unlike New Labour, the SNP does not believe that to achieve a fairer distribution of income would mean sacrificing economic stability or

competitiveness but does believe that any responsible society should be committed to eradicating poverty from its midst and not accept it as an inevitability.

In the last three years, the rhetoric on Social Security and social policy in general has simply not been matched by policies. Pensioners, who have worked and paid their taxes all their life, are faced with a 73p increase in their pension, their basic income, come April yet the government has continued to try and convince the public that it is tackling pensioner poverty. When it comes to the sick and disabled, New Labour have gone where even the Tories feared to tread: they brought in cuts and tighter means testing for Incapacity Benefit and abolished Severe Disability Allowance for new claimants. The unemployed, who probably thought it was impossible to be victimised anymore than they had been over the last twenty years, were offered the New Deal. Text-book American welfare-to-work, it does nothing to create jobs and puts pressure on the unemployed to enter whatever vacancies are going or stops their benefits. Finally, New Labour came out and nobly promised to eradicate child poverty – in twenty years. This is a ridiculous timescale and far too long, highlighting New Labour's twisted thinking regarding social policy; they fail to recognise that poverty, no matter where it is or whom it affects, is unacceptable in this day and age.

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**Alex Neil is an  
MSP for Central  
Scotland and  
a member of CIES**

As an MSP and the SNP spokesman for Social Security, I am all too aware of the Scottish Parliament's limitations when it comes to not only social policy but its lack of power overall. Expectations were extremely high and devolution was never going to be able to meet the aspirations of the Scottish people who are only now starting to come to terms with just what a Scottish Parliament cannot do. Although independence may not be too far away, the SNP must accept the reality that for the moment Scotland is in the union and, within that, there are a number of things we would like to see done now to address the problem of poverty.

Speaking recently at the Scottish Select Affairs Committee, the Scottish Low Pay Unit said that, "only wealth redistribution can increase incomes in marginal communities by re-starting local demand for goods and services." SNP policy firmly embraces this thinking and is committed to full employment as well as a realistic minimum wage. Ideas that the minimum wage might have destroyed the economy are clearly false and the debate should now focus on how to set it at a decent level. £3.70 is too low and young people below the age of 21 should not have to put up with an even lower rate. At the same time, we have been campaigning for the remaining £200 million budget for the New Deal to be brought under the Scottish Parliament's control so that it can be used to implement a truly flexible job creation scheme that offers real opportunities in terms of training and education.

It is also SNP policy to reverse the changes made last November to disability benefits by New Labour and to re-establish the right to claim benefits for 16 and 17 year olds. The idea that young adults should be discriminated against and refused access to welfare is not indicative of a cohesive society. Pensioners have also suffered under New Labour and the SNP believes that they deserve a decent basic income. The basic state pension increases should be re-linked to earnings rather than prices and the Minimum Income Guarantee should be made universal. Such policies would be a start in creating a more inclusive society and would mark the beginning of truly tackling poverty in Scotland.

Before New Labour start howling about the cost of such policies I need only direct them as far as their own chancellor, Gordon Brown. He will amass over £60 billion in surplus in the next 5 years and this would be more than enough to pay for the investment needed in the very people who need it most.

However, the SNP would like Scotland to be given the chance to manage her own affairs and decide how best to collect and distribute her resources. We are a very wealthy nation and we want to see a Scotland that maximises her potential by investing in her people. We are in the process of formulating social policy for an independent Scotland that will be founded on an anti-poverty strategy, which will deliver a basic income or citizen's income payment for all. It is our duty to come up with radical ways to make sure that the concept of poverty becomes a thing of the past in an independent Scotland. Such policies will go hand in hand with an innovative and dynamic economy that will let the individual flourish in an environment of equality coupled with social and economic justice.

## **CI Reports**

**CI versus the  
Minimum Wage  
Clive Lord argues  
in favour of the  
former**

This is of course an old chestnut, and my choice of title will indicate where I am 'coming from'. However, I do have a new angle on this theme, but to put it in context I must first go over some of the basics.

Consider the following propositions:

- (1) All jobs society needs doing get done at a price society can afford; and
- (2) Everyone who wants paid work should have the opportunity to find it.

On this basis, it does not matter who does the work, or even whether people do it at all, so long as the goods or services are provided. Yet a Citizen's Income means that for the first time work can be made available for all who want it. The very concept of

**Clive Lord describes himself as 'almost a founder member' of both the Green Party and BIRG (now Citizen's Income Trust), having joined both organisations in their first year of existence.**

unemployment can be consigned to the history books. Paid work can be anything from a few minutes to 80 or more hours per week. But complete flexibility in job availability does entail corresponding flexibility in wage rates. These too can vary along a continuum from the voluntary jobs traditionally undertaken by say the vicar's wife, through semi-voluntary work which carries some sort of honorarium, via more substantial hourly rates up to the kind of rewards expected by Premier League footballers. Ridiculously astronomical incomes do not matter as long as no one is going without basic needs.

Yet far from being exploitative, a Citizen's Income sets up a genuinely free market, where the potential employee has bargaining power no trade union was ever able to give her/him. Everyone can make an individual decision whether to take a job at the hourly rate offered. Too low, and he/she stays at home. In fact a study done in the Netherlands in 1995 (1) expressed concern that one of the effects of even a partial Basic Income might be that the hourly rate for unpleasant jobs might rise too high! In other words, a Citizen's Income achieves the aims of a minimum wage without its potential drawbacks of inhibiting job availability and fuelling demands to restore differentials. One only has to consider self-employment to recognize the limitations of a minimum wage. It would ruin the complete flexibility which the Citizen's Income makes possible.

But a minimum wage does not merely militate against a CI, it is incompatible with a sustainable economy. The Citizen's Income movement is a broad church, and I approach it from a Green perspective. If a minimum wage is set low, it does not guarantee a sufficient income anyway. If it is set high, the arguments by Conservatives that it will price useful jobs out of the market and aggravate inflation must be true *unless the economy goes on expanding*, regardless of the consequences, environmental or otherwise. As long as a living income is tied to jobs, then jobs – at high hourly rates – will have to be created willy nilly. But many potential jobs in a conservation based economy will only be feasible if they can be low paid: recycling materials, weeding instead of using pesticides on organic farms, many kinds of repair work to prevent the wasteful use of resources. Whether these and many other labour intensive environmentally friendly jobs are feasible at all will depend on how low the hourly rate can be.

Some will object to 'subsidising employers'. Why? What is wrong with that? This leads on to a more fundamental point. I can never remember whether Philippe van Parijs's classic phrase was 'A Communist road to Capitalism' or the other way round, because it is equally true either way. One reason why the Citizen's Income has had such a hard time in making headway until now is actually related to its hidden strength as a fusion of the hitherto apparently antipathetic concepts of social justice and private enterprise. Until the environment and threats to the biosphere cropped up we could afford the luxury of fighting these old battles. Those from each side who took the trouble to consider the Citizen's Income immediately saw its advantages – to the other side – and decided against it. Thus the majority of Conservatives noticed only that it would be drastically redistributive, whilst trade unionists described its potential for flexibility as 'driving wages down'.

The Citizen's Income can form the basis of a new paradigm centred on sustainability. There can then be a paradigm *shift* away from the consumerist paradigm which takes economic growth for granted, whether sustainable or not. Both former opponents need to go through a mini paradigm shift. Ex-Conservatives will have to settle for redistribution and the work incentive which the CI reinstates. To insist that everyone should have to work and stand on their own two feet would cause inexorable pressure to forge ahead with economic growth regardless. Ex-socialists meanwhile must face the same reality in relation to one of their cherished aims – the minimum wage.

#### Reference

1. A Negative Income Tax in a Mini Welfare State: a simulation with MIMIC (1997) by Nicole de Jager, Johan J. Graafland and George M. M. Gelauff Research Memorandum no.112, Centraal Planbureau, Den Haag, Sdu Publishers Postbox 20014, 2500EA, Den Haag, The Netherlands. Tel. 0031-70-378-98-80

**TAX POLLUTERS  
TO RAISE MONEY  
FOR A GENERAL  
INCOME GRANT**

*An allowance would  
boost the economy,  
writes Margaret Legum*

*Margaret Legum is a  
board member of the  
South African New  
Economics Network  
(SANE)*

*SANE is an  
autonomous network  
and research  
foundation for the  
creation of a  
sustainable, humane,  
just and culturally  
appropriate economic  
system in South  
Africa.  
Their website is  
<http://sane.org.za>*

Welfare Minister Zola Skweyiya's idea of an income grant in response to SA's "deep social crisis" can be expanded to something much more creative.

The minister rightly sees more than the pain and despair of chronic poverty. It is "destroying the social fabric". People who are grossly demoralised and humiliated over generations tend to lose the capacity to parent well and to form cohesive communities. The result is abuse of women and children, crime, delinquency, drugs and madness.

Skweyiya's idea is to provide a basic income to all who have no opportunity to make a living. So far the main objections are about delivery and cost.

Business Day published an article on March 6 by Luci Abrahams, former director-general of welfare, under the headline: To do the job well, welfare needs to be well spent. It shows the mammoth task involved in deciding who should get what welfare benefits. The article describes the skills needed to devise the right "management mode" to achieve sustainable income generation, accountability and so on. Imagine the cost in public service time of all that.

Our public service has never been trained for such service delivery, as the admitted failure to spend desperately needed poverty alleviation funds shows.

There is a way to cut through those problems. Make the benefit universal. Provide a small citizen's income for everyone from cradle to grave without a means test. Do away with the bureaucracy that assesses whether a person is eligible. Everyone is. Send the money directly to bank accounts or local outlet offices that dispense pensions. Cut out the opportunity for petty officialdom and corruption.

What about the cost? A citizen's income would be set low – just enough to end destitution but not enough to discourage most people from earning more. Even taking account of the savings from the bureaucracy, and even if the revenue service were to claw back the benefit from people who pay tax, the bill would be hefty.

But there are new forms of taxation which should be considered, especially by the Katz commission on taxation now at work. These are designed not only to raise revenue but also to penalise activities which subtract value rather than adding it. The obvious start is anything that pollutes the air, the earth or the sea and has to be cleaned up afterwards.

Pesticides, fertilisers, petrol, diesel and poisonous effluent should be taxed to make them more expensive and to promote their benign rivals: organic food, low-emission fuels and local produce for local markets. The European Union is seriously studying the prospect of introducing a carbon tax on fossil fuel-based energy – in the interests of both the environment and raising revenue.

On the same principle we should tax footloose speculative capital which flies around the world creaming profits and neither employing anybody nor making anything. That kind of tax is called a Tobin tax, after its Nobel laureate inventor. A tiny percentage, say 0,01%, if applied worldwide, would raise enough to fund the United Nations and its agencies. The Canadian parliament has passed a resolution favouring its introduction.

SA should give an international lead in introducing a Tobin tax, both to send signals that we are not interested in flighty speculative capital and to raise enough to give everyone a Citizen's income.

So there are ways of paying for a citizen's income. The advantages are manifold. The most obvious one arises from the undisputed fact that our economy is not capable of providing jobs for everyone. With our history and the current globalised economy, millions of our people are unemployable. We cannot continue to allow them and their children to starve.

A Citizen's income would not only end absolute destitution; it would begin to create purchasing power. Money would begin to circulate, local skills and energy would begin to be used. The whole economic base, hence also the tax base, would begin to expand. We would see the start of a win-win redistributive process.

A secondary effect would be to change for the better the power dynamic within families. Women would be entitled in their own right to a payment, and young people over 18 would get theirs. Children's payment, set lower than that for adults, should be paid to the mother rather than the father, as are child allowances in Europe.

Cost apart, objections to a Citizen's income usually amount to: "You will discourage the work ethic and encourage a dependency culture." This can seem like a sick joke to unemployed people. Their dependence on others is now complete. They have the choice of begging, crime or various dysfunctional solutions like prostitution.

But of course some people who could work might choose not to – for good reason, like parenting; or for bad, like sloping around smoking dagga. The first is clearly fine. As for the second, I wonder frankly whether the economy is all that much worse off without them. More scarce jobs for the rest of us.

Another objection is around "It's wrong to give people something for nothing." This assumes that none of us now gets something for nothing. In fact, people are born with a huge variety of advantages and disadvantages. A Citizen's income will make a tiny dent in the present inequalities in the "something for nothing" stakes.

I do not doubt that minister Skweyiya is serious about a solution. A means-tested safety net is a clumsy version with scope for the same problems that he has criticised about the present system. A Citizen's income would be a bold move to cut through all that.

## CI Reviews

*Authors:*

Marco Buti  
Daniele Franco  
Lucio R. Pench (eds)

*Title:*

**The Welfare State  
in Europe**

*Published by:*

Edward Elgar

ISBN 1840640669

Hardcover

512 pages, £75

25 November 1999

*Reviewed by:*

Duncan Burbridge

The book is a collection of essays by different authors concerned with the welfare state. Whilst such collections can sometimes seem disjointed, coherence is achieved in this book. All the contributors share the belief that the whole of society benefits from efficient redistribution and concern themselves with measuring and improving this efficiency.

The book successfully deconstructs the debate on European welfare by first establishing economic yardsticks for the measurement of welfare policy (Chapters 2 and 3). Welfare policy is seen as being accountable in economic and social terms. Suggestions for economic gauges include the traditional GDP, growth rate and employment but at the same time the social effects are not neglected. These social effects can be not only examined, but also understood as being part of the bargain struck by representatives of the market and society. An example quoted in the book is that a reduction in union power ('increased labour market flexibility') may clear the way for an expansion of the welfare state. This raises the question of whether societal institutions (unions being a good example) can be partially disbanded then reformed under changed circumstances into organisations that sit more easily with government policy, provided that the circumstances are more convivial.

Any book on European welfare must address the issue of globalisation, and in particular the consequences of continuing European integration. The current work skirts round the issues, mentioning harmonisation but preferring to analyse at a national level.

Chapter 4 takes the book into detailed alternatives to current policy, here Social insurance based on personal savings accounts. Current New Labour policy is very keen that individuals should have personalised accounts (for learning, job seeking, training...), so the debate is very relevant. The chapter makes a good case for such accounts but is unconvincing in its response to the charge of 'labour market insiders' which is the usual problems for such Bismarckian schemes. The claim that personal savings-based insurance would 'smooth income over time' for low income groups is obviously true. But smooth poverty is no substitute for cake.

Pension reform is another area where attention is being focused, it is also the largest area of public expenditure. Robert Holzmann puts the case for a pension funded during working life. He predicts that the current guaranteed pension would remain in place, effectively describing a two-tier pension similar to the SERPS scheme in the UK. Much of the chapter makes clear the necessity for reform. Indeed by the time the complete rationale has been developed, Holzmann is so concerned that even the (reduced) unfunded tier comes in for reform. Eventually he has a system which, 'provides an

incentive for formal labour force participation since any contribution evasion leads at the end to a lower benefit level' and remarkably, 'individuals have an incentive to stay on in the labour market and to extend their working lives'. Hong Kong without the family ties. Personally, I think a more imaginative solution to saving money, based on a rethink of what is considered useful work is possible and needed. Pensioners have a role to play and this should not necessarily be an extension of their role as younger people.

Later parts of the book deal with concrete examples of reform policy including the Juppé reforms in France and the demographic pressures on Europe.

Overall the book is an excellent attempt to equip the reader with the requisite analytical tools and then to show how those tools are put in to practice. The bulk of the analysis concerns itself with pensions, which reflects the urgency of this particular problem. My only criticism is that the solutions proposed lack imagination, explicitly that the pensioners' contributions to society will increase in value as they become healthier and more numerous (and consequently more burdensome on the unreformed welfare state).

*Author:*  
Mike Rowbotham

*Title:*  
**The Grip of Death: A study of modern money, debt slavery and destructive economics**

*Published by:*  
Jon Carpenter Publishing

ISBN 1 897766 40 8  
Paperback  
384 pages, £15  
May 1998

*Reviewed by:*  
Alistair McConnachie,  
Editor of *Prosperity*

Bryan Gould stated in the *New Statesman* (19-2-93): "Why shouldn't a socially aware and economically responsible government create credit where it is appropriate ... in order to ensure investment is made and at the same time strike a great blow for the democratic control of the economy?"

Many people would look to changes in fiscal policy in order to facilitate increased spending on programmes such as a Citizen's Income. However, in this book, Mike Rowbotham, the foremost money reform author in Britain today, examines alternative methods of financing socially desirable projects.

In a wide-ranging and easily read thesis, Rowbotham examines where our money comes from, explains why people and businesses are so heavily in debt, explains why virtually all the money in the world is created as a debt, and why only 3% of UK money exists as "legal tender", that is, money created without debt.

He raises the political and economic question: Is it proper to rely so heavily upon debt to create the nation's medium of exchange? He points out that mortgages from the private banking system are responsible for almost two-thirds of the total money stock in the UK and 80% in the USA, and advocates that the government, acting through a democratically accountable state authority, should have the ability to create money free of debt and spend it, not lend it, into the economy on the basis of proven need.

He advocates a transition from our present debt-based money system where the bulk of money is produced as a debt by the banking system, to what might be called a credit-based financial system which has a circulating and stable stock of debt-free money. He points out that bank lending has been brought into disrepute because it is required to act as the money supply to virtually the entire economy.

The question arises: How much debt-free money? He points out that the UK has a total money stock of £680 billion against which total debts of £780 billion are registered. Therefore, the present amount of debt-free money is minus £100 billion! How do we determine the rate at which the economy needs debt-free money? This can be determined in direct proportion to the amount of debt which the economy is required to undertake annually.

The net growth in debt is represented by the monetary statistic referred to as the "M4 lending counterpart." By creating debt-free money at the rate at which the M4 lending counterpart is increasing, the growth in debt would be matched by an input of debt-free money. Thus, the increase in debt would be countered and future repayments of this borrowing supported. He calls this a "compensating money supply," where the increase in debt is compensated for by an equal amount of debt-free money.

For example, the UK M4 lending counterpart is increasing by approximately 10% annually and rose by £60 billion from February 1996 to February 1997. To follow a compensating money supply, the government, through its state authority, would create a fund of £60 billion of debt-free money. As he points out, a fund of £60 billion is enough

**Prosperity** is a monthly newsletter dedicated to promoting, as a solution to an increasingly indebted society, a supply of government-created debt-free money on the basis of proven need. It is available for £10 per annum payable to

**Prosperity**  
268 Bath Street  
Glasgow  
G2 4JR

*Authors:*  
Fred Cartmel and  
Andy Furlong

*Title:*  
**Youth Unemployment  
in Rural Areas**

*Published by:*  
Joseph Rowntree  
Foundation

ISBN: 1902633601  
Softback  
64 pages, £12.95  
7 February 2000

*Reviewed by:*  
Waya Quiviger, CISC

to fund major improvements in public services as well as institute a basic income of about £1,500 per person above the age of 18.

As each year goes by, and government created debt-free money is distributed and circulates in society in proportion to the M4 lending counterpart, then eventually the M4 lending counterpart will decrease as the need to borrow decreases. He projects figures over a 20 year period and suggests that eventually, once the M4 lending counterpart decreased significantly, the amount of compensating debt-free money released may be too low to directly fund a basic income. However, by that time, there would be enough debt-free money circulating in society to fund adequately a level of basic income via taxation.

Ultimately, he states, "the only point at issue is whether money is to be created by banks as a debt, or by the government free of debt. The first option guarantees that monetary shortage remains endemic and that the supply of money must forever escalate. Debt-free money promises an end to monetary escalation and an end to excessive debt."

This is an important book which points the way towards an economic revolution which would reduce the overall burden of debt in society, break reliance upon the banking system for the supply of money, and open potential for limitless change. It is must reading for anybody concerned with a Citizen's Income.

While youth unemployment has become an increasingly common part of the transition from school to work, most research studies seem to be focused on urban unemployment. The report drafted by Fred Cartmel and Andy Furlong adopts a fresh take on the issue by examining the much less explored problem of youth unemployment in Scotland's rural areas.

The study is based on research conducted in Scotland between November 1997 and September 1999, involving interviews of recently unemployed youth (aged 18-24), as well as the viewpoints of rural employers, and Careers Officers.

Results show that, overall, rural youth seem to suffer surprisingly less from unemployment than urban youth. However, problems faced by rural youth are quite different from their urban counterparts. Rural labour markets are dominated by low skill and often seasonal and part-time employment. In urban areas, training in specific skills may help young people access quality jobs; the link between skills and jobs in rural areas is more tenuous. This is partly due to the fact that demand for higher skilled labour in rural zones is dispersed over wide geographic areas. Hence, even if rural youth are trained, they may not access these jobs due to transport limitations. The authors suggest that, in these circumstances, generic rather than specific skills might be an advantage. Implementing the New Deal programme in rural areas should involve the combination of general education with work experience.

This study also underlines the importance of social networks (relatives, friends) in obtaining employment opportunities in rural areas. The New Deal training programme provides such informal networks to the ones who lack such relations. Mobility and high housing costs represent other important obstacles to youth employment in rural areas. The authors suggest that a mobility grant might allow youth to access educational opportunities not available locally. Finally, housing subsidies would enable rural youth to penetrate urban labour markets instead of being deterred by costly accommodation.

This well-researched report sheds light on previously overlooked questions concerning rural youth unemployment. The authors make an effective job of addressing key problems and suggesting policy measures to ensure a secure future for Scotland's youth.

**REPORT*****Stumbling Towards a Basic Income:*****The prospects for tax-benefit integration**

Bill Jordan, Phil Agulnik, Duncan Burbidge and Stuart Duffin

The study, funded by the Joseph Rowntree Charitable Trust and a donation from Lord Vinson, reassesses the prospects for tax-benefit integration in the UK, in the light of the New Labour government's high-profile welfare reform programme.

Professor Bill Jordan of Exeter, Huddersfield and North London universities explains: 'The Government's attempts to 'make work pay' affect many of its policies. In the long run, it would be more consistent with its values and goals to seek "full engagement" rather than a "full employment" society. A Basic Income would be the most promising route to this version of social inclusion.'

Tony Atkinson of Nuffield College, Oxford, adds: 'I very much welcome this report by the Citizen's Income Study Centre, with its insightful review of the prospects for tax-benefit integration and its valuable comparison of political approaches in the UK and Ireland.'

**Copies of the report are available from the Citizen's Income Study Centre, priced £5 for members and £10 for non-members. Please add £2.50 for p&p.**

*Authors:*  
Helen Barnes, Pat Day,  
Natalie Cronin

*Title:*  
**Trial and Error: a  
review of UK child  
support policy**

*Published by:*  
Family Policy Studies  
Centre

ISBN 1901455084  
Paperback  
88 pages, £9.95  
June 1998

*Reviewed by:*  
Muhammad Saifullah

This book critically reviews the Child Support Act, both at the formulation and implementation level. *Trial and Error* serves as a historic account of the child support policy in the United Kingdom.

The narrative account of the book provides a good picture of the development phase of the policy, its legislative issues, the effectiveness of the Child Support Agency and how it tackled the crisis.

Drawing on interviews with thirty people involved in the formulation, development and implementation *Trial and Error* depicts how the political climate at that time undermined the concerns that were raised during the initial phases of the policy. Amongst others, the issue of lone-parents and the changing public attitudes towards them has extensively been addressed in the book.

The forte of *Trial and Error* is the evaluation of the policy and its effectiveness. The analysis also focuses on its effects on the lives of parents and children – those who were supposed to benefit from it.

It also makes an attempt to compare the UK child support system with countries both within and outside Europe. The comparison considers how much was learned and incorporated in the policy from successful experiences elsewhere.

Finally, *Trial and Error* identifies the problem areas in the policy-making to be avoided in future. It not only focuses on this specific area but also provides a good reading for public policy-making in general.

This book is highly recommended for both academic and advocacy circles interested in policy-making issues, particularly in the idea that policy should reflect public need.



## CI Partnerships

### **BI Conference in Sweden**

***Mats Hoglund is a member of the Basic Income European Network (BIEN) and is currently setting up a Scandinavian BI group***

**Mats Hoglund writes:** We were about 25 people who gathered in Stockholm on Saturday the 11th of March to discuss basic income. Most – if not all – of the participants were quite familiar with the concept and liked the idea. Some had followed the debate in the seventies while others had been introduced more recently. The many different perspectives ensured lively discussion.

In my own speech I tried to bring some clarity to the different forms of guaranteed minimum income-schemes, that is basic income, negative income tax and participation income. I also argued that each of these could be combined with any of the other. That makes it (theoretically) a total of six different kinds of basic income proposals. Furthermore one has to bear in mind that any realistic proposal for reform must contain elements from the current social security system too, making it even more complex.

Karin Jansson, from the Green Party, talked about how to finance it all. Her report was not very promising, but on the other hand she had not counted anything from the large sector of benefits to companies. Without that complement the affordable level turned out to be quite low, at least compared to the high level of unemployment benefits we are used to in Sweden today.

Other inspiring speeches were delivered by Ellen Brunn (the Danish social scientist whose ticket was sponsored by of the Citizen's Income Study Centre) and Torgny Tholerus – who works at the department of computer science in the University of Stockholm.

We were of course especially glad to have Ellen Brunn with us – as she has been one of the leading advocates in Scandinavia for a long time. For those of us who have been introduced to the basic income debate quite recently it means a lot to meet people who have been engaged for a longer time. Her speech was about basic income and globalisation, a theme to which I shall return.

Torgny was the last speaker. He talked about citizen's accounts, negative income tax and partial basic income. Whether or not the rest of the audience was convinced by his proposal is hard to say, but I had serious problems in understanding what he really was suggesting. Apart from the obvious that he did not propose a straight and unconditional basic income that is high enough for everyone to be able to live on without having to work. But we are nevertheless thankful for his contribution, which was followed by an interesting discussion.

Once again we thank the Citizen's Income Study Centre for their economic support. We also look forward to positive co-operation in the future as well, through financial help when needed – or maybe to organise a Nordic conference or seminar. This could possibly be done next year, to give a further push to a debate which for too long has been almost non-existent (at least in Sweden). With a Nordic conference as a goal not too far away in the future we could also put some pressure on those who are attempting to construct economically viable BI proposals. And possibly also on those who dislike the idea to sharpen their arguments why we should not introduce basic income – or any of the related proposals for guaranteed minimum income.

**Visit our website: [www.citizensincome.org](http://www.citizensincome.org)**

### **Mondays at One Lectures**

*Gresham College is an independently-funded educational college in the City of London sponsored by the Corporation of London and the Worshipful Company of Mercers*

A series of free Monday lunchtime lectures jointly arranged by Gresham College and the Citizen's Income Study Centre ran throughout March 2000.

The lectures were well attended and sparked lively discussions. The complete set of bound transcripts will be available from the CISC by the end of May. CI members are eligible for a large discount.

The lectures were:

#### **Equal Opportunities; Equal Shares?**

**Stuart Duffin**

Director of Citizen's Income Trust and Study Centre

#### **Building an Effective, Responsive Economy**

**Professor Stuart White**

Department of Political Science, Massachusetts Institute of Technology

#### **Promoting Engaged Citizenship**

**Dr Sean Healy**

Director of the Justice Office, CORI

#### **Building Democracy: Developing a More Cohesive Society**

**Professor Bill Jordan**

Universities of Exeter, Huddersfield and North London

## **CI News**

### **Green Party / EFA in Europe**

*Report by  
Helmut Weixler, Brussels  
22 March 2000*

*Helmut Weixler is press office for the Press Service of the Greens/EFA Group in the European Parliament*

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### **Full Employment yes, but not the American way**

The Green /EFA Group welcomes the fact that – for the first time for years – an EU Presidency set full employment on top of the agenda at the EU Summit in Lisbon, which took place in March. As regards the efforts for promoting and spreading the infrastructure and the services of the information society, the Green/EFA Group reiterates that these policies must be supportive to the aim of a sustainable economy.

“The new commitment to full employment is certainly an improvement compared with the blind acceptance of the neo-liberal ideology that the creation of employment must be left to the market. But a problem of definition still remains. Full employment for the Green/EFA Group means that every woman or man seeking work to earn her or his living can find a job at standard legal pay and with full social coverage,” said Pierre Jonckheer, Member of the Economic and Monetary Affairs Committee. “Access to gainful employment for everybody as a basic human right is a cornerstone in the European Social Model – and not as defined in the US miracle of “full employment” which is at first sight more positive than Europe’s. But if you look at the US statistics, which already count a two hours per week job as being a fully valid occupation, it should leave us with some doubts as to the US ‘success’.”

Commenting on the launch of e-Europe in Lisbon, Pierre Jonckheer said: “There is no need to give huge financial support to the European companies to enter the information age more rapidly. The profitability of investments in new technologies is so high that they can easily finance the training of the necessary skilled work force. The Greens/EFA prefer to give priority to public spending on collective tasks such as education or health, and to help the most deprived members of our society rather than foster already well-fed companies.”

Hélène Flautre MEP, member of the Economic and Monetary Affairs Committee, warned that the information society could lead to a model similar to the US American ‘dual economy strategy’.

“On the one hand the EU would have a small, wellpaid and highly-qualified elite and on the other hand a huge army of working poor trying to make ends meet with two or three precarious jobs. We have to take measures so as to maintain social cohesion and a sustainable economic development in the EU.”

## **Employment versus Basic Income**

**Ramiro Pinto Canon is  
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***This article analyses  
the problems local to  
the area and suggests  
a basic income (renta  
basica) as one  
possible solution***

"Unfortunately, the unemployed, the working poor are not invited to this party of the new economy, which offers little to them in terms of jobs and social security," Hélène Flautre added.

**Ramiro Pinto Canon writes in the Diario de Leon, 8 January 2000:** A reduction in the workforce of Leon Antibiotics from 680 to 300 employees was announced. Eventually it will only manufacture vitamins and employ little more than 35 people. One suspects that the same will happen with the Vilesa glass factory. Telefonica has also dramatically reduced its workforce. The sugar factory at Veguellina has closed. The same will happen to the mining industry pretty soon. Everyone is surprised and shocked without ever realising that there is an alternative.

We have lost recourse to political reflection when faced with absurdities. It's easy to trick a population moved by base impulse and obsessed with consumerism; a population that doesn't feel guilt when surrounded by those struggling to reach an acceptable standard of living.

The advance of technology and the application of scientific knowledge sees the usual laws of supply and demand increasingly inverted. Every day, fewer people are required to produce more, better quality goods. The only thing to do is to adapt policy and economics to these circumstances. Manual employment is no longer the centre of economic activity; all the time its role is growing less important.

The labour market is saturated. Public funds are given to support failing enterprises, the only effect of which is to increase production prices and make competition with similar enterprises more difficult.

An announcement in a Leon newspaper declared that 'Leon is a victim of a conspiracy against employment', as if that was not a problem everywhere. Still further the article suggested ways to bring Leon up to the level of Valladolid in terms of investment. In reality this marvellous neighbouring province that has a technological park, the Fasa industry, an established airport and is building the High Velocity Train (all of which Leon needs immediately to solve its problems) has an unemployment figure, according to official revenue statistics, 4,091 higher than Leon. This data is permanently hidden by the manipulation of figures, hiding the inefficient use of the workforce following the technological revolution.

The objective of these new enterprises is to benefit their investors, not create jobs. Each time efficiency is increased, everything must be done in less time and workers end up with fewer rights.

Political parties exist to maintain and create employment. Why do they not do it? They spend millions of pesetas on electoral campaigns. They are political businesses that contract technical secretaries and so on. They give employment to local dancers who dance sardanas in the city squares, to increase local identity. Another idea is to get rid of traffic lights and have the unemployed direct traffic. Or that half open shop doors and the other half close them.

The problem for the unemployed is the lack of economic means to survive. For the workers the problem is working conditions. Capital produced is becoming less and less in comparison with capital invested. Investment depends not so much on the level of employment as on political decisions.

To cope with this situation we need a Basic Income for people to be able to survive and look with dignity for stable employment – whilst allowing personal development. We are currently not allowed to engage in this debate. It is not on the current agenda. The question now is how do we get it there? The main trade union organisations are still stuck in the past. Last November in the meeting of the European Union Employment ministries they agreed that after 2001, all workers would have benefit or a job. The Castilla y Leon Council on Health declared that from then, 'every family in the region will have a guaranteed minimum income of 520,000 pesetas, whether they work or not' (Diario de Leon, 20.11.99). This would address the problem of exploitation and harsh employment conditions. The debate needs to be out in the open.

The Employment Institute of Leon has emerged from the various negotiations and efforts within the region. I have had a chance to look at their standing orders and these have produced a mixed impression. There are many courses, seminars and

conferences but these do not uphold the aim of stable and dignified employment, they are really just a trick to convert public assistance into a business. The problem of unemployment is being institutionalised. According to article 8.1, the administration responsible is the same as that in charge of benefits. Article 5 establishes a social fund of 50,000,000 pts, but it is not allocated for those unemployed without benefits. The director of the institution is one of the Lopez family; the same family that dominates local business, not someone who knows and can solve the problems of the unemployed.

It is time for the false politics of employment to move towards a basic income, without any more wrong turnings.

### ***Social Policy Association 33rd Annual Conference***

#### **Theme: Futures of Social Policy and Practice**

Southlands College, University of Surrey, Roehampton

Date: Tuesday 18 July 2000, from 7 pm to 9pm

The Citizen's Income Study Centre are organising a session on the development promotion and delivery of a Citizen's Income Policy for the UK.

This is based on research work which we have recently published, 'Stumbling towards Basic Income: prospects for tax/benefit integration'.

The theme of the session will be, 'Recognising citizenship: from work pays to benefits work; and from policy into practice.'

The session will take the form of a Panel Discussion.

The Panel will be Prof Illona Ostner, University of Goettinger, Prof Bill Jordan, University of Exeter, Martin Cavana, Queens University, Belfast and hopefully Jenny Jones, Green Party MLA.

The session will be chaired by Stuart Duffin.

Each participant will make a 5 minute statement about CI and the rest of the session will be given over to discussions and questions from the audience. The format will be akin to a late-night discussion show.

**Dr Aart Roukens  
de Lange**

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**Mutual Credit in South Africa**

Dear Editor

In the face of ever-increasing unemployment and destitution in South Africa, the idea of a basic income for its citizens has come up in various areas of social, political and economic concern and debate. I personally am aware of the issue having come up for discussion by the Department of Social Welfare, the Democratic Party, Cosatu, IDASA and in the media in general.

The most limited view of a basic income is that of a social welfare grant to the unemployed (the dole). This is generally considered to result in personal exploitation, demotivation of personal initiative and a direct cost to society to be met from taxed income. Another way of introducing a basic income is that of public works programmes through which the unemployed can contribute to real social needs. This type of programme was used on a wide scale during the Great Depression of the 1930s. Yet another approach, not dependent on governmental action, is that of mutual credit generated through local complementary currencies schemes such as LETS and Time Dollars. There is a widespread literature on such schemes. Thousands have been implemented and many are operating today.

Yet a further approach is that of paying a citizen's income, non-means tested and paid to all citizens. This approach is widely promoted but has not been widely implemented. In Western Germany, after World War II, the minister of finance, Ludwig Erhard, introduced a one-off payment to all German citizens, and the economy took off from that point forward. A basic dividend on national income has also been paid out in various other countries and regions. Yet a further idea has been offered by myself in the Guinea Fowl scenario which most of the members of this interest group will have seen and which may be found on SANE's website.

Simple theoretical analysis in terms of conventional economic theory does not necessarily provide all the answers to the question of the feasibility of these various schemes. Much depends on the spirit in which schemes are conceived or applied. From one angle a basic income can be seen as a dole system which demotivates its recipients and is a dead weight on tax payers. At the other end of the scale, basic income schemes may be seen as the lubrication required to remotivate citizens discouraged by unemployment and to stimulate renewed economic production and consumption. If money supply is controlled so that consumption and production are kept in balance, and if the supply of money lubricant stimulates economic activity, a basic income could be the source of economic revitalisation.

How do we check the feasibility of various schemes? Both by the theoretical and quantitative analysis of cold facts, and by introducing qualitative factors into a quantitative modelling process. The Millennium Institute has developed its Threshold-21 model based on a system dynamics structure of the economy. This is a sophisticated model that has been used in the investigation of economic policy in a range of countries such as Tunisia, Bangladesh and Malawi. The methodology allows qualitative factors to be introduced into the model by subjectively judged parameters. It has a sophisticated module for analysing the impact of alternative monetary policies. The sensitivity of the model to a wide range of assumptions can be tested and used in debating and assessing potential responses from the population to alternative policies.

This is not the time to try to evaluate all the pros and cons of a basic income and means for its implementation. What is required is an active research group to evaluate the alternatives, and to set up the advocacy process required to get experimental processes on the way.

The issues at stake are far too important to leave unattended. SANE cannot undertake all the necessary work but we can be a channel for motivating and stimulating the process. I look forward to the debate and action that may emerge from my suggestions.

**Michael Gill      *The Arrogance of Ken Jackson***

**Subscriber to  
Citizen's Income  
Newsletter**

Dear Editor

I was horrified by the complete lack of understanding of the consequences of Citizen's Income displayed in Ken Jackson's review of Andre Gorz's book 'Reclaiming Work', so much so that I feel driven to write!

As James Robertson said, 'Some trade union officials may feel threatened by the greater negotiating power which Citizen's Income will give to individual people, vis-a-vis employers, and also by the justification which that will provide for moving to a freer labour market. Benefits and Taxes.' (New Economics Discussion paper, March 1994.)

Trade unions are by their nature bound to find the idea dangerous as essentially it robs them of their *raison d'être* and therefore of their power, unless they move fast to provide new forms of service and support to members. The incentive to work should be the carrot not the stick. We should not be worrying that 'Society will end up short of labour if there are no incentives'. Labour (suggesting something that you don't really enjoy doing so that someone else can get rich) could with advantage be phased out in favour of other forms of work.

If one's work is sufficiently rewarding, no other incentives are necessary than that it is congenial and wanted for its own sake regardless of money. Work that is enjoyed is always done better.

Is it really so serious, in this period of history when people are in surplus, if some choose to live rather dull, unproductive lives on minimum subsistence (they do now anyway)? I am sure a better education and brighter outlook on life will reduce this number if a more equal distribution of wealth prevails. Of course, if everyone only worked if they wanted to, Trade Union Congresses would no longer be needed. What makes Ken Jackson think he can decide what working people really want? I think that if lack of money was not such a problem for some people the love of money might slowly give way to the love of a fuller and better quality of life.

One outcome of Citizen's Income would probably be the narrowing of the disparity of wages. People would be prepared to do particularly rewarding jobs, say chief landscape architect for London, for rather less, while short stints of rubbish collection would require far higher wages. This would help solve Ken's objection to great wealth (in monetary terms) being concentrated in the few by the labour of the masses who work for them.

I should like to finish by completely changing the subject: I heard on the radio a few mornings ago that the Government was likely to have an £8,000,000,000 surplus this year. This money must surely belong equally to all British citizens, so what could be a fairer way of distributing it than using it to sort out the mechanism of C.I. by distributing a trial Citizen's Income of £14 per month during the millennium financial year!

**We welcome readers' views on CI and related topics. To submit your  
comments please write to the Editor of the Newsletter at the CISC  
LSE, St Philips Building, Sheffield Street, London WC2A 2EX**

## CI Resources

**CISC plays a vital role in building democracy, promoting pluralism, improving justice, addressing poverty and correcting and complementing the roles of the state and the economic marketplace**

### Subscriptions

As an educational charity, Citizen's Income relies heavily on the support of members. A small fee entitles subscribers to the following benefits:

- a quarterly newsletter
- discounts on current publications
- access to CI events and conferences
- full access to CISC resources
- opportunity to network
- access to the CIOOnline resource
- position papers on relevant initiatives

### Library

The extensive range of resources in the study centre has now been archived and will soon be available online. Plans are in place to use the resources as a library with bookings being made online.

### CIOOnline

The Citizen's Income website at <http://www.citizensincome.org> continues to grow and has been registered on a wide variety of search engines and reference pages. The next stage will be to increase the interactive nature of the site and enter into partnerships with the aim of increasing the awareness of CI.

### Gift Aid

Citizen's Income relies on its members for a significant proportion of its income. It is this money that really enables us to get our message across.

Now the Government has announced improvements to the Gift Aid Scheme, it's easier for us to reclaim tax on your subscriptions and any donations. All you need to do is sign this form or call us on 020 7955 7453 and you only ever need to do it once.

**It's as simple as that.**

### Declaration

I wish Citizen's Income Trust to benefit from the new Gift Aid legislation. This Declaration applies to all subscriptions/donations I make on or after 6 April 2000.

Signed \_\_\_\_\_

Date \_\_\_\_\_

Full Name \_\_\_\_\_

Address \_\_\_\_\_

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\_\_\_\_\_ Postcode \_\_\_\_\_

**CIDiary**

9th June 2000

**What Society? Welfare and the politics of interdependence**

Tavistock Clinic and the Centre for the Study of Society and Politics at Kingston University

Contact details: Emma Ford Tel 020 7447 3829

Monday  
10th July, 6pm**IFS Annual Lecture 2000**

Institute for Fiscal Studies

London, UK

Annuity Markets and Retirement Security

Professor James Poterba, Massachusetts Institute of Technology

Contact details: [mailbox@ifs.org.uk](mailto:mailbox@ifs.org.uk)

Attendance will be free of charge

18th-20th July 2000

**Futures of Social Policy and Practice**

Social Policy Association

London, UK

Speakers: Will Hutton (18th); Bob Holman (19th); Marju Lauristin (20th)

University of Surrey, Roehampton

Contact details: Tel 020 8329 2301, e-mail [spaconf@roehampton.ac.uk](mailto:spaconf@roehampton.ac.uk)Thursday  
7th September 2000**Labouring and Living in the City**

Economic Geography Research Group

Manchester, UK

Contact details: Anne Morrow (International Centre for Labour Studies)

Tel: 0161 275 4794

Email: [anne.morrow@man.ac.uk](mailto:anne.morrow@man.ac.uk) or visit website: <http://nt2.ec.man.ac.uk/icls>25th-27th September  
2000**Year 2000 International Research Conference on Social Security**

The conference will focus on the problems caused to civic society by globalisation

Helsinki

Contact details: e-mail [issac2k@ilo.org](mailto:issac2k@ilo.org), website [www.issa.int](http://www.issa.int)

5th-8th October 2000

**8th Basic Income European Network (BIEN) Conference**

The four areas to be covered are: legitimising non-market work; lifetime flexibility and income security; citizenship rights, responsibilities and paternalism; social cohesion in an integrating Europe

Berlin

Contact details:

Professor Claus Offe +49 (0)30 2093 4272, e-mail [bien@rz.hu-berlin.de](mailto:bien@rz.hu-berlin.de)*In the event of problems with any of the above, contact CISC. For more details try our website at [www.citizensincome.org](http://www.citizensincome.org)*