

Citizen's Income

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Contents

Editorial

Main article:

Why does Basic Income thrill the Finns, but not the Swedes?

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News

Reviews

Events

Citizen's Income Newsletter

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This issue of the newsletter edited by Duncan Burbidge and Malcolm Torry

Evelyn McEwen

We are sorry to have to announce the death of Evelyn McEwen, Chair of Trustees of the Citizen's Income Trust. An obituary will appear in the next edition of the newsletter.

Apologies:

In April of this year the Citizens Income Trust sent a number of invoices to people and organizations to which they should not have been sent. The Trust would like to apologise for this mistake.

It would also appear that some people and organizations who have paid subscriptions have not received the first edition of the newsletter for 2001. If you have paid a subscription and have not received your copy then please let us know.

Editorial

The world is changing.

In an article titled “Whatever happens, the process will be painful” (*The Guardian*, Monday 2nd July 2001), Larry Elliott discusses whether or not we should regard the technological changes we have seen this century as constituting a fifth ‘Kondratiev wave’, and precisely where we might be within that wave. He concludes that “as far as organizational changes – to work patterns, to politics, to institutions, to ways of thinking about problems – are concerned, we have yet to make a start. That, more than anything else, is the reason the birth-pangs of the fifth Kondratiev wave look like being long and painful.”

The political world is changing.

For the first time, we have a Labour government with a second full term ahead of it. This offers the possibility, though by no means the certainty, that the government will take the opportunity to seek radical solutions to long-standing problems – solutions which draw on a variety of elements within the party’s heritage.

And regular readers will realize from the side panel that a few things have changed at the Citizen’s Income Trust. Stuart Duffin, Carolyn Armstrong and Duncan Burbidge have all left the Trust’s employment, and we would like to thank them for the work they have done for the Trust – in Carolyn Armstrong’s case, for over ten years; and the office at the London School of Economics has closed (though the email address remains the same for the time being). The Joseph Rowntree Charitable Trust has been funding the Trust for nearly ten years, and we would like to thank them for their generosity. That funding has now come to an end.

Malcolm Torry (who was Director of the Trust in the early 1990s) has been appointed the new Director, the office has relocated, and a draft strategy for the next five years is being discussed (further details in the next issue).

What has not changed is the definition of a Citizen’s Income: it is an unconditional, non-withdrawable income payable to each individual as a right of citizenship. And what has not changed is the Citizen’s Income Trust’s commitment to the promotion of debate on the feasibility of a citizen’s income.

Main article

Why does Basic Income thrill the Finns, but not the Swedes?

By Jan Otto Andersson

Basic income is a fascinating idea. People tend to react strongly, either looking upon it as a pivotal liberating device or showing open disregard for it. In two of the Scandinavian countries - Denmark and Finland - the idea of an unconditional basic income has received much attention. However, in Sweden and Norway it has almost been a non-issue. To compare the theoretical and

political debates in Finland and Sweden is therefore a means to look at the differences between these two closely related societies.

The term most widely used in the Scandinavian countries is 'citizen's wage' (medborgarlön, kansalaispalkka). In Finland the terms 'basic income' (grundinkomst, perustulo) and 'citizen's income' (medborgarinkomst, kansalaistulo) have also received a wide circulation.

To use the term 'citizen's wage' adds to the provocation. How can you speak of a 'wage' when you automatically receive a sum of money even though you do not work or even do not pretend to work! The reason given by the supporters - like Erik Christensen from Denmark in a recent fascinating study (the title in English would be "Citizen's Wage. Stories about a Political Idea") - is that they want to alter the dominant work concept. A citizen's wage can be viewed as a compensation for all the unpaid but socially necessary activities contributed by citizens.

In a speech to the unemployed a similar view was expressed by the then Archbishop of Finland, John Vikström:

"A basic income would send every citizen the following encouraging and motivating message: You are important. You are not a burden, but a resource. You are important by being a human being for others. Whatever work you do, in whatever situations, whether or not you are paid to do it, you still contribute to building our society."

The provocative term has also made it possible for the opponents to use it in a derogatory way: "Work or Citizen's Wage?" is the title of a report presented by the Confederation of Finnish Industry and Employers, although it did not relate to any genuine proposal for a basic income.

The differences between Swedish and Finnish basic income debates can be seen both in the intellectual debates and in the activities of the political parties. Another telling difference is that at the biannual meetings of the Basic Income European Network (BIEN) the participation from Finland has been regular, whereas Swedish representation has been almost negligible.

Lack of enthusiasm in Sweden

Three authors have actively proposed some version of a basic income in Sweden: Gunnar Adler-Karlsson at the end of the 1970s, Thomas Ehrenberg ten years later, and Lars Ekstrand in the 1990s. Both Ehrenberg and Ekstrand wrote as if the idea had never been introduced in Sweden before.

It is telling of the political climate in Sweden that Adler-Karlsson had to accept a change of the title of his book from *No to full employment. Yes to a material basic security* to the less offensive *Thoughts on full employment*. In the Danish edition the original title was used.

All three proposals were put forward in a futuristic and utopian manner. They saw a citizen's wage (CW) as a means to radically transform society, but were relatively short in the analysis of which trends and forces would actually work in favour of their visions. Adler-Karlsson's and Ekstrand's ideas did receive some attention, but they were generally dismissed. I have found no response to Ehrenberg's book.

As headlines such as "He dreams of a citizen's wage" and "The apostle of laziness provokes" indicate, the reception of Ekstrand's books was not enthusiastic. His views were criticised by a leading authority on social policy, Gunnar Wetterberg, head of the powerful central organisation for the municipalities. Wetterberg called the idea "the triumph of resignation". In another article Wetterberg repeated his critique under the ominous heading "A citizen's wage would feed the underworld".

In Sweden the only political party that has been seriously interested in a CW is the Green party, Miljöpartiet. In 1997 Eva Goës asked the government to make an official report on the question.

The Social Democrats have been the main defenders of the existing system, based on the idea of full employment and a general system of income-related social security. The Left party has also discarded the CW idea, but it has asked for substantial reductions in working time as an alternative.

The three parties of the centre - Folkpartiet, Centerpartiet and Kristdemokraterna - have all stressed the need for a basic security (grundtrygghet), but they have not accepted deviations from means-testing.

The conservatives, Moderaterna, favour a "general and individual" system based on a clear correspondence between contributions and benefits plus strict means-testing for those with special problems.

Broad debate in Finland

In Finland both the public debate and the interest of the political parties have been much broader than in Sweden. During the 1980s and 1990s CW and BI proposals proliferated, and four parties, representing some 40 per cent of the voters - the Centre party, the Left Alliance, the Greens and the Young Finns - accepted the idea in their political programmes. I shall mention a few examples in order to illuminate the Finnish situation.

In 1988 Olli Rehn (from the Centre party) and David Pemberton (from the Green party) took the initiative in creating a group which would discuss and promote the idea of a basic income. The group was chaired by Eva Kuuskoski-Vikatmaa, a leading personality in the Centre Party and a long-time minister of Social and Health Affairs. The group included representatives from most political parties. Its secretary, Ilpo Lahtinen, wrote a book which reflected the ideas discussed in the group. He proposed the introduction of a partial basic income along lines suggested by Hermione Parker in the UK. However, the book appeared at a most unfortunate time; the Finnish economy was in the midst of a depressionary spiral, and there was little interest for large reforms or costly improvements.

The now minister of Social Affairs Osmo Soininvaara (representing the Greens) has been an untiring champion of basic income. Since the end of the 1970s he has elaborated the idea in several books and reports. *Hyvinvointivaltion eloonjäämisyoppi (A survival doctrine for the welfare state)* was awarded a prize as the best economics book of the year 1994. Here Soininvaara continued the discussion on basic income in a concrete and detailed way. It was based on two reports written by the author for the Ministry of Social and Health Affairs. The base of his scheme was a basic income (perustulo) differentiated for household composition. The income tax rate would be 53%. The author proposed two types of conditional "extra allowances" (lisätuki) to supplement the basic income for special contingencies. His arguments had, however, changed if compared to his original ideas. He was now interested in creating a system that would induce everyone to contribute as much as possible to the national economy, and explicitly criticised those who wanted a CW in order to make work voluntary.

In a recent academic study, *Kansalaistulo sosiaalipoliittisena muutoksena (Citizen's income as a change in social policy)*, Anita Mattila compares nine different Finnish schemes. Her references - which, with few exceptions, relates to the Finnish debate - occupy no fewer than 18 pages.

The most explicit critics of a basic income in Finland have been the employers' organisation (STK, later TT) and the national trade union organisation (SAK). Both were critical towards the report made by an official working group on social security in 1986. STK interpreted the suggested income guarantee as a citizen's wage, since it was not conditional on willingness to work. The organisation ridiculed the idea that there would be any mass unemployment in the future and was afraid that it would become difficult to get people willing to work. They asked for a more selective social policy instead. According to SAK the report had to be remade from a

completely different premise. Social security should encourage people to work and promote full employment.

In 1994 SAK published a report on basic income. The title *Mikä ihmeen perustulo?* is perhaps best translated as "What on earth is basic income?", which reflects the disapproval of the idea. According to the report, full employment could be restored through rapid and sustained economic growth, through reductions in working time and work sharing, and through better education and training. If a basic income scheme were introduced society would develop towards a low-wage-low-skill society, a 'boot-cleaner society'.

Differences between Sweden and Finland

There are two relatively obvious reasons why the interest for basic income has differed between Finland and Sweden. The first relates to the hegemony of the Swedish Social Democratic party and the second to the relative success of the Swedish welfare state.

The party most consistently opposed to any basic income proposal both in Finland and in Sweden has been the Social Democrats. Both SAP in Sweden and SDP in Finland have seen basic income as a break with two fundamental principles: the "work principle" and the "income maintenance principle". The electoral support of the Finnish SDP has been only about half of its Swedish counterpart SAP. SDP has therefore always been compelled to form coalition governments, whereas SAP has been able to govern alone for most of the time since the 1930s. In Finland the Centre Party has been as strong as the Social Democrats, and the Left Alliance has competed on a more equal footing. Both the Centre Party and the LA have traditionally tended to support universal benefits.

The other obvious reason for the different receptions of the basic income idea is that the Swedish welfare state is older and more sacrosanct than the Finnish, and that Sweden - until recently - has not been plagued by mass unemployment. Levels of benefits are generally higher in Sweden. They are also more strongly related to the income maintenance principle - the "standard social security". Income-related unemployment benefits - administered by the trade unions - have covered about 85% of the earlier gross incomes. In Finland the corresponding figure is 60%. The daily allowance for the uninsured has also been more generous in Sweden. It would, therefore, be relatively more costly to change the Swedish system into a pure basic income system.

Sweden was able to avoid open mass unemployment until the beginning of the 1990s. This was achieved by careful macroeconomic policies, by active labour market policies and by a rapid growth of the public service sector. In Finland mass unemployment appeared in 1976. It was gradually reduced towards the end of the 1980s, but from 1991 onwards, mass unemployment has been the principal scourge of the Finnish economy. Despite seven years of rapid economic growth the rate of unemployment is still some 10%. Unemployment in Sweden has not been eradicated, but it is only about half that of Finland.

One reason why basic income has created more interest in Finland may relate to a difference in national character. According to experts on culture there is a clear difference. In Sweden it is necessary to be part of and receive support from the collective. No decisions are taken without long discussions and an emerging consensus. In Finland leadership styles are more individualistic. You are allowed to be somewhat idiosyncratic and to change your opinions without engaging in long discussions. Finns are thrilled by new technical solutions and they are not so afraid of sudden changes. The Swedes seem to be more pragmatic and cautious.

Basic income is probably most welcomed in a society which is both individualistic and solidaristic at the same time. There must be a very special combination of values which allows citizens to make unconventional choices at the same time as their basic economic security is guaranteed by the state.

Jan Otto Andersson is Reader in International Economics and research director at the Department of Economics and Statistics at Åbo Akademi University, Turku. He has been an active participant in the discussions on basic income, and was a founding member of BIEN, the Basic Income European Network.

News

Canada: Jean Chrétien is considering the creation of a cradle-to-grave guaranteed income programme.

The Prime Minister of Canada is reportedly preparing to assemble a high-level committee to determine the feasibility of a lifetime guaranteed annual income programme. One name being touted to lead the committee is Ian Green, the deputy secretary to the Cabinet.

Top-level Liberals said yesterday they expect the initiative to feature prominently in the upcoming Throne Speech, expected in mid-February. Sources say little is known about whether significant new funds would be drawn from the government's ballooning budget surplus or when the program might be put in place. The minimum-income supplement would be developed by merging all or parts of the federal child benefit, welfare, employment insurance and old age pension programs.

Officials at Human Resources Development Canada (HRDC) have said that the department plans to undertake a full review of all its current income programmes and create an inventory of how much gets spent in each of the regions. They admit the federal government is aware that any plan of this sort would be likely to raise concerns in some provinces and that significant 'horse trading' of powers will be required. Provinces usually view new social initiatives with considerable suspicion, complaining that the government creates new programs and then withdraws funding once the programmes are up and running. In this case, the provinces would be likely to demand a guarantee of perpetual funding.

Creating such a program would allow Mr. Chrétien to fulfil a number of his campaign promises, notably attacking child poverty and restoring funding to social programs. More importantly for Mr. Chrétien, a guaranteed income programme would provide him with a political legacy to rival Pierre Trudeau's repatriation of the Constitution or Brian Mulroney's North American Free Trade Agreement. People close to the Prime Minister said he was deeply moved by the public outpouring of emotion at Mr. Trudeau's death and the reverence for what he had built.

Mr. Chrétien has suggested that his goal for the new Parliament will be to wage war on poverty. "The fact is that our prosperity is not shared by all," the Prime Minister said in his keynote address at the Liberal party's Confederation Dinner. "There remain, unfortunately, serious social problems in the land. Too many children live in poverty. Too many aboriginal Canadians live in Third World conditions. As a Liberal, I deeply believe that government has the responsibility to promote social justice."

While Mr. Chrétien's interest in it is new, the concept of a national guaranteed income is not. It was originally espoused by the economist Milton Friedman as early as 1962 and, at the urging of the New Democrats, was examined by the Liberal government of Lester B. Pearson, in whose Cabinet Mr. Chrétien first served. It again saw life in 1971 when it was openly championed by Trudeau-era Cabinet heavyweight Marc Lalonde, who at the time was Minister of Health and Welfare, in a report titled Federal Income Security Protection. The idea was hotly debated, but was never embraced by Mr. Trudeau and was eventually shelved.

The idea was resurrected during the 1993 election campaign when the Reform Party added it to its platform as a way of streamlining Canada's convoluted income-security programs. It was then considered as part of the social security reform undertaken by the Chrétien government in its first term, but was ignored because it was seen as potentially too expensive during a period of deficit-cutting.

As the deficit was pared down, the idea again caught the attention of then-HRDC deputy minister Mel Cappe, who is now Clerk of the Privy Council and Ottawa's most influential bureaucrat. Ian Green, a former executive assistant to prime minister Joe Clark, was an associate deputy minister under Mr. Cappe at Human Resources Development Canada and is considered one of Mr. Cappe's most reliable and trusted deputies. He moved over to the Privy Council Office in 1998, a year before Mr. Cappe became the country's top public servant.

France: A decisive step towards a negative income tax ?

Along with a number of other countries across Europe, France is considering a reduction of its income taxes. However, only about one half of French households currently pay income tax, which implies that only the comparatively rich half of the population would benefit from the tax cut. For any European government, and especially a red-green government, this makes such a measure hard to sell. To make it acceptable, the government tried to couple it with a reduction of the generalised social security contributions (contribution sociale généralisée: CSG) on the lower layers of income, which would benefit the low-paid workers. But France's supreme court (Conseil constitutionnel) turned down this option on 19 December 2000, mainly on the ground that it involved a discrimination among similarly situated households and therefore violated the principle of equality before the tax system. Some, including the social affairs minister Elizabeth Guigou, then proposed to increase the minimum wage, while offsetting the cost for the employers of low-paid workers through selective cuts in their social security contributions. But a majority emerged in favour of using a more straightforward method to boost the disposable incomes of low-income households: to design the tax cut in the form of a refundable tax credit. As the idea smells, in the French context, of market-liberal ideology, a consensus was not easy to reach. But by early January the Prime Minister and Finance Minister became convinced that this was the way to go, and on 11 January 2001 *Le Monde's* main headline was: "Lionel Jospin endorses the tax credit".

The following day's issue of the same newspaper carried, under the title "Tax credit: don't be shy, comrades!", a characteristically crisp article by former Prime Minister Michel Rocard (also chairman of the social affairs commission of the European Parliament and one of the keynote speakers at BIEN's Berlin congress). He rejoiced in the fact that the proportionality and hence the yield of the CSG (introduced by the government he headed) was not affected, and urged that the existing guaranteed minimum income scheme (Revenue Minimum d'Insertion: RMI), which his government also introduced, should evolve into a refundable tax credit of the negative-income-tax type, such as the "allocation compensatrice de revenu" recently proposed by the Rocard supporter Roger Godino. "The replacement of all that [the RMI and other assistance schemes with a flavour of charity] by a single principle, applicable to rich and poor alike, designed so as to provide people with work incentives and to prevent them from being trapped in non-work situations, is something that looks far more impressive and that corresponds far more to a leftist conception of the relationship between income, taxation and work." But what about the idea's suspicious pedigree, in particular its association with Milton Friedman, the founder of monetarism, "which causes inequalities to expand exponentially and many countries to be locked in underdevelopment"? Rocard suggests that we've got this system, whether we wish it or not. "Why then refuse the instrument for dampening human suffering which Friedman himself had

seen fit to append to the system, as he understood the social cruelty of what he was proposing? It would beat it all to take the worst and leave behind the best." (*Le Monde*, 12.01.01)

From the information made available by the Finance Ministry, however, it seems clear that the French version of the refundable tax credit will not be integrated with either the RMI nor the tax reductions for higher earners and will be similar to the American Earned Income Tax Credit (EITC) or the British Working Families Tax Credit (WFTC), rather than to a straight negative income tax, though it would be more general from the start as it would not be restricted to families with children. In the case of a single person, for example, once the new scheme is fully in place (2003), the credit would start at a level of about 2000 Euros annually for earnings at 30% of the minimum wage, reach a maximum of nearly 7000 Euros at the level of the minimum wage (about 850 Euros per month) and be phased out gradually until it vanishes at 140% of the minimum wage. Because of the refundable nature of the tax credit, this is no doubt an important and unprecedented step in the direction of a negative income tax and, beyond, of a universal basic income, though more modest, for example, than the Netherlands' 2000 tax reform.

Ireland: The Conference of Religious of Ireland Justice Commission welcomes interest in a Basic Income

The Conference of Religious of Ireland's (CORI) Justice Commission has welcomed the Final Report of the Irish Government's Working Group on Basic Income. In particular it has welcomed the fact that the Report vindicates the Commission's claim that a basic income system would have a far more positive impact on reducing poverty than the present tax and welfare systems.

The Economic and Social Research Institute's (ESRI) study done for the Working Group found that a basic income system would have a substantial impact on the distribution of income in Ireland in that, compared with the present tax and welfare system it would: i) improve the incomes of 70% of households in the bottom four deciles (i.e. the four tenths of the population with lowest incomes) and ii) raise above this poverty line half of the individuals who would be below the 40% poverty line under 'conventional' options.

According to the Report, these impacts would be achieved without any resources additional to those available to 'conventional' options.

The Working Group's Report also found that the tax rate (including Pay Related Social Insurance (PRSI) replacement) required to fund basic income, based on January 1999 estimates, would be 47%. Since then the economy has grown significantly and the revised rate, based on Revenue Commissioners' estimates of the tax base, is 42.7%.

This shows that a basic income system is far more effective at tackling poverty and should form part of a comprehensive strategy to eliminate income poverty totally in the years immediately ahead.

The Justice Commission says: "Government should now honour its commitment to publish a Green Paper on Basic Income. Implementation of this commitment has been delayed pending receipt of this Working Group's Report. Now that its results are available it should be relatively easy for Government to publish its long-promised Green Paper. The Report should also be considered by the National Economic and Social Council (NESC) as it prepares its study on the medium-term development of the tax and welfare systems. This study was promised as part of the new national agreement, The Programme for Prosperity and Fairness (PPF)."

Looking at the 'losers' identified in the Report, there are two key issues that need to be borne in mind, according to the commission: Over a three-year implementation period of a basic income system all the 'losers' would be better off than they are at present. They would simply not gain as much under basic income as they would under the present system; and the 'losers' in the bottom four deciles identified in the Report could be easily targeted and compensated through the Social Solidarity Fund which forms part of the basic income structure.

On the macro-economic aspects the Report itself acknowledges that the findings are very tentative, speculative and hard to quantify. However, CORI welcomes the Report's conclusion that a basic income system could encourage some people to move from the unofficial economy into regular employment.

For the CORI Justice Commission the critical test of any tax and welfare system is its impact on people with lower incomes. While many poor people have benefited from developments of recent years, especially through employment, the fact remains that the gap between poor people and the rest of society has been widened over the past twelve years. While the proportion of the population described as "consistently poor" has been declining the percentage of households and persons below every income poverty line measured by the ESRI is higher now than it was in 1987. The commission believes that this situation must be reversed immediately and that the introduction of a Basic Income system would have an immediate and positive impact on those most in need in Irish society. As the commission says: "The choice between a basic income system and 'conventional' tax/welfare options is a trade off between greater equity and a risk of lower economic growth versus less equity and less risk to higher economic growth. At a time when so much concern is expressed about the country's growth rate being unsustainable, the argument in favour of introducing a Basic Income system is further strengthened."

CORI is a Social Partner and was one of the organisations that negotiated and signed the last two national agreements, i.e. Partnership 2000 and the Programme for Prosperity and Fairness. It represents more than 135 religious congregations with 12,000 members in 1,400 communities throughout Ireland. For further details see the Justice Commission's website at www.cori.ie/justice/index.html.

The UK: A discussion of values at the Christian Socialist Movement's 'Faith in Politics' conference

On 29 March the Christian Socialist Movement held a conference entitled 'Faith in Politics'. In his address, Tony Blair discussed the three 'values' which motivate his politics: the 'equal worth' of every human being; 'community'; and 'responsibility' – with 'responsibility' being of society towards individuals as well of individuals towards society.

Many policy areas were discussed at the conference, and particularly the New Deal. The structure of benefits and taxation was not discussed (as it usually isn't) – but if it had been then the three values which motivated the Prime Minister and the faith leaders present would have led them inexorably towards an approach to reform based on universal benefits rather than on a means-tested one.

The UK: BBC's Question Time

In the context of a discussion of women's changing employment patterns, the benefits of a citizen's income scheme got a thorough airing on the BBC's *Question Time* programme on 15 March. Comment from two panel members, Tommy Sherridan, a member of the Scottish Parliament, and Malcolm Bruce, Chairman of the Scottish Liberal Party, was positive, and the

subsequent discussion was overwhelmingly positive, particularly in relation to the contribution which a citizen's income would make to the kind of social security system we're going to need in a more flexible labour market.

The USA: The Radical Middle Newsletter reports on a Basic Income option

Under the headline, 'Maybe the election will shame us into sharing our wealth,' the September / October 2000 issue of the *Radical Middle Newsletter* (edited by Mark Satin) reported on six new proposals for the redistribution of income and wealth, including the basic income guarantee. Here are excerpts:

"For the first time in four decades, Americans have been talking about how to intelligently share their wealth. . . . At least six such ideas are ready to fly . . . if their champions can get them off the ground. . . .

"The guaranteed income was a hot new idea in the 1960s, assiduously promoted by Robert Theobald and other young turks. But it never went anywhere. Today's basic income proponents are more market-friendly than most of their Sixties counterparts. And they're using arguments that are more pragmatic (even their term-of-choice, 'basic income,' is less incendiary than the term 'guaranteed income').

"For the last three years, Research Associate Karl Widerquist has been doing yeoman work on the basic income at the Jerome Levy Economics Institute in Annandale-on-Hudson, N.Y. In his policy papers (no. 245 and no. 289 at www.levy.org), Widerquist provides reams of evidence that "interest in [the basic income] is again gaining" -- in part because it's seen as a poverty-precluding mechanism. The new advocates are calling for smallish basic incomes that would deter (or at least ease) poverty, not middle-class-like guaranteed incomes. One typical proposal calls for a basic annual income of \$8,000 for each adult and \$2,000 for each child. Another calls for \$4,000 per person.

"Perhaps the best-known member of the new generation of basic income advocates is Philippe Van Parijs. Educated at Oxford and Berkeley, he started working on the topic on a commune in 1977 . . . and is still working on it as a professor-activist at Louvain University in Belgium.

"Like Widerquist, Van Parijs is long past imagining that a basic income would turn us all into wonderful people. He's interested in freedom, efficiency, and ecology, not in the New Person. 'The freedom we need to be concerned with is not just the freedom to choose among [products],' he says in his scholarly clarion call, *Real Freedom for All* (1995). 'It is the freedom to choose among the various lives one might wish to lead.'

"A good capitalist, Van Parijs thinks the basic income can make the high-job-turnover, information age economy more efficient: 'With a basic income, individuals could go through repeated and protracted periods [during which they learned] new skills. [And] there would be less [need for government programs like] minimum wage legislation.' Van Parijs also sees the basic income as fundamental for ecologists. To the extent the basic income 'encourages simple living,' he says, it would slow down the 'spread of significant environmental externalities.'

"In the U.S., the Green Party supports the basic income. Its platform calls for 'a graduated supplemental income, or a negative income tax, that would maintain all individual adult incomes above the poverty level, regardless of employment or marital status' (www.gp.org)."

Other proposals discussed in the article include: (1) 'Universal capitalism' as Kenneth Taylor calls ideas based on Louis Kelso's original proposal for universal stock ownership. (2) The 'living wage' movement. (3) The National Jobs for All Coalition. (4) Employer subsidies for

hiring low wage labour as proposed by Edmund Phelps and Robert Haveman. And (5) 'Self-help accounts' or 'stakeholder accounts,' as proposed by Bruce Akerman and others. This idea is similar to the basic income guarantee because it includes a universal grant, but the grant is given at key points in a person's life rather than regularly throughout a person's life.

Satin criticizes the Basic Income Guarantee for being just a little too radical for the Radical Middle. "On the one hand, [basic income and universal capitalism] would give each of us maximum freedom. On the other hand, they'd strip us of responsibility for standing on our own two feet." He mentions the often quoted, but questionable, criticisms of the negative income tax experiments in the United States in the late 1970s: that it broke up marriages and caused people to quit their jobs. But he concluded that any of the six proposals would be vastly better than the meagre proposals put forth by Gore and Bush during the election campaign.

For the full text of this article go to:

http://www.radicalmiddle.com/x_wealthsharing.htm

Or see the homepage of the Radical Middle Newsletter, "thoughtful idealism, informed hope" at: <http://www.radicalmiddle.com/index.html>

The USA: A temporary Basic Income proposal is made in the New York Times

Richard Freeman, an economist at Harvard, and Eileen Appelbaum of the Economic Policy Institute propose sending a one-off 'prosperity dividend' of \$500 to every citizen of the United States. They made the proposal in a piece in the *New York Times* on the 1st February 2001 entitled 'Instead of a Tax Cut, Send Out Dividends.'

Freeman and Appelbaum's logic is two-fold: First, the United States now has an enormous budget surplus and therefore it can afford to give back the roughly \$140 billion that the prosperity dividend would cost. Second, as worries of a recession increase President Bush has promoted his tax cut plan as a way to stimulate the economy. Tax cuts, however, are a rather slow method to stimulate the economy. If enacted, they probably wouldn't have much of an effect until next year, by which time the economy may already be recovering. The prosperity dividend could be enacted immediately; it would have a strong stimulative effect on the economy; it would mean most to those who have least; and it would not have long-lasting effects on the tax code. Despite this idea's merits, it has little chance of being adopted by the Bush administration. George W. Bush's primary motive for his tax cut proposal does not seem to be fiscal stimulus, but a strong desire to reduce the tax burden on wealthy Americans.

Of course, a one-time dividend is far from a full basic income guarantee, but the authors cite the Alaska Permanent Fund as an inspiration, and the prosperity dividend is similar enough that it could open up people's minds to this sort of idea.

The USA: President Bush considers a refundable child tax credit

The Caregivers' tax credit campaign has reported that making the child tax credit refundable is now on the national agenda. The proposal is for a refundable tax credit of \$1000 per child. The current child tax credit mostly benefits families with children above \$25,000 - those with low or no wages get little to nothing at all. Refundability would extend the benefit to all children in families with incomes below that level. This is not a complete solution to income for poor people nor is it a basic income guarantee, but \$1000 makes an enormous difference if you're poor. The caregivers' tax credit campaign urges you to contact your members of Congress and urge them to support this legislation. For more information see:

<http://www.caregivercredit.org>.

For those who are skeptical about the difference between a caregivers' tax credit and a true basic income guarantee, it has one very important thing in common with it: it lacks the poverty trap aspects that made Aid to Families with Dependent Children (AFDC) so unpopular. Also, the guaranteed income movement of the 1960s and 70s is often spoken of as if it were a complete failure, but it led directly to the creation of two successful government programs: Food Stamps and the Earned Income Tax Credit (EITC). Most likely, the success of the EITC has played a big part in making it possible for a refundable child tax credit to enter the political agenda. Thus, the guaranteed income movement of the 1960s is still indirectly having a positive effect on legislation today. A small refundable child credit now could lead to a larger one in the future and perhaps someday to a refundable adult credit. But this is by no means an inevitable course of events, as the British experience of child benefit shows.

Reviews

Maurice Roche, Rik van Berkel (eds.), *European Citizenship and Social Exclusion*. Ashgate: Aldershot 1997 (304 pages), £47.

This book has been inspired by concern for the future of social inclusion and citizenship rights in the context of the profound social, political and economic changes and challenges modern societies are faced with in the 21st century. In Europe, two developments in particular need to be considered, namely the crisis of the 'European Social Model' and national-level social citizenship on the one hand, and integration problems in the development of the European Union and transnational social citizenship on the other.

This book aims to explore the potential of a variety of innovative and inclusive policy strategies concerned with work and employment, and relating to the roles of civil society and citizens in those strategies. Thus it includes studies of policies concerned with civil society's role in work and welfare policy, innovative approaches to work and employment, urban level work and income policies, and the basic income approach to income distribution.

The book is concerned with the current development of the European Union and with the prospects for EU-level social policy and citizenship policy, and it makes a contribution to debates on the medium-term development of EU-level policies concerned with deepening the integration of the EU by developing the general status and rights of EU citizenship and by developing citizenship-sensitive and rights-sensitive socio-economic policymaking.

The contribution by Bill Jordan is well worth reading.

Jens Lind, Iver Hornemann Moller (eds.), *Inclusion and Exclusion: Unemployment and Non-standard Employment in Europe*. Ashgate: Aldershot 1999 (240 pages), £41.50.

This book discusses aspects of work in terms of social inclusion and exclusion. It explores unemployment and non-standard employment and evaluates social and labour-market policies and their effects in four European countries: Denmark, the UK, the Netherlands and Portugal. These represent the typical welfare regimes in Europe: a Scandinavian, social-democratic model; a liberal, Anglo-Saxon model; a corporate, 'Bismarckian' model; and a southern 'variant'. The analyses provide a thorough insight into the variety of issues in recent labour-market developments in the four countries and combine this with an overview of the major schemes and

programmes designed to combat social exclusion. The book is an important contribution to the debate on the development of a specific European strategy on work, unemployment and social inclusion based upon alternatives to new-liberal strategies.

A. McKay and J. Vanavery, 'Gender, Family, and Income Maintenance: A Feminist Case for Citizen's Basic Income', in *Social Politics* 7 (2), 2000, 266-284. (First author's address: Glasgow Caledonian Univ, Dept Econ, Glasgow G4 0BA, Lanark, Scotland.)

Economist McKay and sociologist Vanavery consider proposals for a citizen's basic income in the light of feminist arguments about welfare and inequality. Drawing on feminist critiques of the male breadwinner family, on lesbian and gay demands for sexual citizenship, and on the need to develop welfare policy suitable for a 'postfamilial' society, they argue that a citizen's basic income has the potential to provide a basis for a truly universal citizenship.

David Nissan and Julian Le Grand, *A Capital Idea. Start-up Grants for Young People*, Fabian Society (11 Dartmouth Street, London SW1H 9BN, www.fabian-society.org.uk), 'Second Term Thinking', February 2000, 16p, £7.50. (Second author's address: London School of Economics, Houghton St. London WC2A 2AE)

In the same vein but more modestly than Ackerman and Alstott's Stakeholder Society (Yale U.P. 1999), this is a lucid and firm plea for a universal yet conditional grant of about 15.000 Euros to be paid to all young people at the age of 18, to be funded by an inheritance tax and to be used for education purposes, as a down-payment on a house or as start-up capital for a business venture. Quite a distance from an unconditional basic income! But some arguments will sound familiar to basic income supporters, for example the "fundamental reason for a universal grant": "Everyone born into a developed country benefits from a share in a common inheritance: a set of capital assets, including buildings and other infrastructure, transport links, capital equipment and agricultural land."

Philippe Van Parijs, *Basic Income : Guaranteed income for the XXIst century ?*, Barcelona: Fundació Rafael Campalans (c/o Rocio Martinez Sampere), Papers de la Fundació n°121, 2000, 36pp. (vanparijs@etes.ucl.ac.be)

Neatly published by the foundation linked to the Catalan socialist party, Van Parijs's compact introduction to basic income was commissioned by the Portuguese Presidency of the European Union and served as a background paper for BIEN's Berlin conference.

Philippe Van Parijs, 'Basic Income and the Two Dilemmas of the Welfare State', in *The Welfare State. A Reader* (Christopher Pierson & Francis G. Castles eds.), Cambridge: Polity Press & Malden (MA): Blackwell, 2000, pp.355-59.

Now included in a major new anthology on social policy, this is a reprint of a brief plea for basic income as a response to the two central dilemmas that face welfare states in Europe and beyond as we enter the XXIst century: fighting unemployment versus fighting poverty as productivity varies ever more widely across individuals; securing the economic feasibility of solidarity versus its political feasibility as human capital becomes more mobile across national boundaries.

Loïc Wacquant, 'Logics of urban polarization: the view from below' in Rosemary Crompton & al., *Renewing Class Analysis*, Oxford: Blackwell, 2000, pp. 107-119. (loic@uclink2.berkeley.edu)

In this paper on marginality and inequalities in Western cities, the renowned Berkeley-based French sociologist Loïc Wacquant briefly reasserts his commitment to an unconditional basic income: "Radical innovations, such as the institution of a citizen's wage (or unconditional income grant) that would sever subsistence from work, expand access to education through the life-course, and effectively guarantee universal access to essential public goods such as housing, health, and transportation, are needed to expand social rights and check the deleterious effects of the mutation of wage-labour" (p.118).

Events

Social Policy, Marginalisation, and Citizenship: a conference to be held at Aalborg University, Denmark, from 2 - 4 November 2001

The purpose of the conference is to contribute to a clarification of the dynamics and effects of changes in society, policies, and the aims and purposes of social policy. On the subject of a session on the afternoon of 3 November the organisers write: "The erosion of the Fordist system of production has resulted at the same time in the de-institutionalisation of the traditional threefold organisation of the life-course. A new, flexible organisation of the life course is emerging. This new flexibility results in uncertain, de-standardised and mixed trajectories, as education, work and inactivity alternate in complex, variable ways that are hard to define and to manage. The 'old' welfare state models and their assumptions with respect to the relation between work, welfare and age are increasingly out of joint and out of time with the new needs for security that more flexible life-course trajectories have bred.. These changes in the life cycle and the increasing need for new models of social security and social policy will be the focus of this session." See <http://www1 ldc.lu.se/soch/conference.htm> for further details.