

Citizen's Income

newsletter

Issue 3

2001

Contents

Editorial

Obituary: Evelyn McEwen

Main article:

The Trade Unions, Tax-Benefit Reform and Basic Income:
Stumbling towards a Policy ?

Rafael Ziegler and Bill Jordan

Reviews

Events

Citizen's Income Newsletter

ISSN 1464-7354

Citizen's Income Trust

P.O. Box 26586

London SE3 7WY

Tel: +44 (0) 20 8305 1222

Fax: +44 (0) 20 8305 9944

Email: info@citizensincome.org

Website: www.citizensincome.org

Registered charity no. 328198

Director: Malcolm Torry

This issue of the newsletter edited by Malcolm Torry

The Citizen's Income Trust's website, CI online.

The website has now been updated, and email links invite you to send news of events and press stories and to contribute towards discussion.

New email address

Please note our new email address:

info@citizensincome.org

Editorial: Time for a debate

Some things do not change when governments change, and during the past few years we have seen some consistent themes in relation to income maintenance policy:

- Employment is the best route out of poverty, so the tax and benefits system must provide incentives to seek employment and then to stay in it
- The cost of the benefits system is too high, so people need to be taken off benefit where possible, and administrative costs need to be reduced
- There is too much fraud, and it needs to be reduced
- Poverty is the result of a variety of social exclusions, so ‘joined up thinking’ is required.

It is for these reasons that it is so important to promote debate on the feasibility of a Citizen’s Income: an unconditional, nonwithdrawable income for every citizen, which could be paid for by reducing tax allowances and means-tested and contributory benefits.

- Such an income, like Child Benefit, would not be withdrawn as other income rises and so would reduce the effects of the poverty and unemployment traps by reducing effective marginal rates of taxation, thus increasing the incentive to seek employment and to increase one’s earnings once in it
- Such a scheme would reduce many individuals’ and families’ dependence on means-tested benefits, thus reducing administrative costs and the likelihood of fraud
- And a Citizen’s Income would relate in predictable ways to every area of social policy and so would contribute to the joined-up policy-making which we need.

Every area of social policy has seen substantial reform during the past twenty years: health, education, housing, transport – except income maintenance policy, which arguably is the key to everything.

We have seen minor changes, such as the Fowler reviews of the mid-‘80s, and now the trend towards tax credits; but we have seen no major review of the system as a whole since the 1940s.

It is time for such a review. The Labour Party’s Social Justice Commission (*Social Justice: Strategies for National Renewal*, the Report of the Commission on Social Justice, Vintage, 1994, pp.261ff) suggested that a Citizen’s Income might be the answer.

The Citizen’s Income Trust will be doing all it can to encourage the debate we now need.

Obituary

Evelyn McEwen

We have suffered a great loss in the death last August of Evelyn McEwen, who had been the Chair of the Citizen’s Income Trust since early 1991. It was tragic that she was diagnosed with cancer only a few months after her retirement at the end of 1999 as Director of Policy and Information at Age Concern, a post which she had held with great distinction for many years. She had such great hopes of new activities she would be able to develop during her retirement as well as being able to have more opportunity to share in the lives of her family, to whom she was devoted. She did persuade her doctors to allow her to take two foreign holidays with them, but her health failed rapidly after her return from the second of these at the end of May.

Evelyn provided the Citizen's Income Trust with inspired leadership throughout the period when a series of grants by the Joseph Rowntree Charitable Trust enabled us to do a lot to study and publicise the concept of a basic income. In her discussions with successive Directors and other staff, and with the trustees and secretariat of the Joseph Rowntree Charitable Trust, as well as in her conduct of trustees' meetings, she was firm in maintaining clear objectives but responsive to others' ideas about how these could be achieved. She was particularly concerned to see how basic income policies could help the elderly, in the light of her professional interest, and people with disabilities. She bore with fortitude the stress of her increasing immobility over many years before her final illness.

We recall with gratitude Evelyn's wise guidance and energy in doing so much to advance our cause. We are sad that she is no longer with us to help us to progress further and feel the deepest sympathy with her family who have been so cruelly deprived of her companionship.

Philip Vince

Main article

The Trade Unions, Tax-Benefit Reform and Basic Income: Stumbling towards a Policy?

by Rafael Ziegler and Bill Jordan

This article reports on a pilot study of UK trade union attitudes towards tax-benefit reforms (specifically, the introduction of tax credits and the prospect of tax-benefit integration), and – in the light of this – towards Basic Income. Since the formation of the Basic Income Research Group (the parent organisation of the Citizen's Income Trust) in the early 1980s, the British trade unions have been rather unreceptive towards the proposal. Unlike other EU countries, where at least some unions (such as the Voedingsbond in the Netherlands and the Transport and General Workers in Ireland) have enthusiastically endorsed the principle, in the UK there has been no obvious source of support from the organised labour movement.

This was not entirely surprising. On the one hand, the unions had seldom been a leading influence on social policies in the UK, preferring to act very pragmatically, and react to specific proposals, rather than adopt long-term policy positions. In general, the National Insurance system reflected their interest in adequate replacement incomes for workers temporarily or permanently outside the labour market, provided (like occupational pensions) on the basis of their earnings when they are in work. Hence they had a stake in the postwar *status quo*, and were opposed to the many reforms undertaken by the Thatcher, Major and Blair governments. On the other, they were not involved in corporatist arrangements for deciding on and managing social policy initiatives, such as those in other EU states, including Ireland. Thus they were not directly involved in policy-making, only in reacting to new government reforms.

This study consisted of four interviews with policy spokespersons of the Trades Union Congress, the public service union Unison, the Public Commercial Services Union PCS (whose members handle tax and tax-credit administration), and the ISTC, representing mainly blue-collar workers in the steel industry. Thus it covered a cross-section of unions whose men and women members included both full- and part-time workers, in a range of professional, skilled and unskilled occupations, from the rather well-paid to those subsisting on the minimum wage. For Unison and the PCS in particular, the introduction of the Working Families Tax Credit, and the proposal for Employment Credit, raise significant issues.

In general terms, the unions seemed rather passively accepting, or mildly in favour, of the move towards tax credits, and the principle of fiscal subsidies for low-paid work, while retaining an unmodified ideal of decent wages and national insurance benefits as the best approach to income maintenance. They did not seem to anticipate that these reforms of the tax-benefit system might signal the phasing out or residualisation of the national insurance scheme, or (if they did) they did not see themselves as having enough influence on government social policy to change any such long-term plan. Hence they could simultaneously welcome some gains for members from WFTC, without necessarily accepting the idea of tax-benefit integration. If the latter were to become an explicit aim of policy, this might lead them to reappraise their (sceptical) attitude towards BI / CI. In the meantime, they saw it as too remote a possibility to be worth considering seriously.

As the Senior Policy Officer for Social Security and Welfare to Work, the TUC spokesperson reiterated that the unions' best option remained 'a better and more generous National Insurance'. Tax credits were therefore a second-best option, which provided improvements in labour incentives but also had some obvious shortcomings; going only to people in formal employment, they neglected those outside the labour market. In this connection, the Policy Officer for Unison (85 per cent of whose members are women) pointed to the rise in gender inequality: 'there is some suggestion that women have given up work because of the Working Families Tax Credit (WFTC). ... If you are living at the margin there is little difference whether you work or not, but the reality is that women make this decision, not men'. In her view, the WFTC has not overcome the poverty trap; there are incentives for those with heavy household and caring responsibilities to reduce their hours, as well as incentives for others to come from outside the labour market to take part-time work, and women are most responsive to both these factors.

All the unions remained opposed in principle to means-testing in the benefits system, but there were varying perceptions of tax credits in the light of this principle. The Director for Policy, Research and Information of the PCS (50 per cent women, 13 per cent part-time) said 'I suspect that it is a creeping process – we have moved more and more to an acceptance of means-testing, by doing it through the tax-credit system rather than benefit payment'. But the Unison officer felt that WFTC was 'good because it reduced stigma ... there is better take-up ... generally we are quite in favour'. For the representative of ISTC (10 per cent female members) means-testing is 'not consistent with people's dignity' and 'imposes great administrative costs', but WFTC scarcely affected the union's members. The overall position of the unions on the issue was captured by the Unison officer's comment that, 'Because means-testing is coming through the tax credit, we are open to what is happening, we are still examining the situation'.

On tax-benefit integration, there were also mixed responses. The TUC officer opposed it; Unison's representative was 'generally supportive ... because we think that the tax system is generally more suitable' – but did not want to undermine National Insurance. Neither of the other two officers had a position. Of concern to all, in different degrees, was the level of benefits to those in unpaid work, as carers, parents or in the community. The TUC officer was in favour of a participation income, giving access to tax credits or higher benefits, and higher benefits for pensioners and disabled people also. Unison's officer wanted carers to be recognised, and better support for all these citizens.

Hence the unionists' views on Basic Income were mixed, and a consequence of their stances on the government's tax-benefit reforms; they were reacting to that agenda, rather than trying to set one of their own. First BI was seen as a more remote prospect than ever; in the ISTC officer's view, 'it has all been buried' – to his relief, because 'our members would not benefit [from it]'. For the TUC officer, it would be 'very costly'. In an economy with high income inequality, such as the UK's, 'a mean-tested approach is almost inevitable'. But both the Unison and PCS

officers were cautiously welcoming of the idea – ‘there is an open door to see where it goes’ (Unison), even though it might adversely affect their members as public servants (PCS).

These unionists were in many ways postponing their final decisions on strategy over tax-benefit integration and BI, until the government’s long-term plans are clearer. To our surprise, three of them had read the CISC’s *Stumbling Towards Basic Income* (Jordan, Agulnik, Burbidge and Duffin, 2000), and were aware of the possibility that tax credits could lead towards BI, even though the government’s original intention was quite the opposite, to make benefits more conditional. The TUC officer was in favour of extending the tax credit principle, to embrace single workers and absorb housing benefits, and in favour of eventually moving towards a participation income for unpaid work, but against tax-benefit integration. And he conceded that ‘surely if we were to have a choice of either extended means-testing or a participation income, we would be calling for a participation income, no doubt about this. If we were in a situation like the US, where it is tax-cuts *versus* something else, then a participating income or CI might come up our agenda quite rapidly.’

None of them considered that this point had been reached, though all recognised the signs that the government wanted to phase out National Insurance benefits, extend means testing and advantage those in paid work over those outside it. In this sense, they all acknowledged the basic analysis of *Stumbling Towards Basic Income*, but wanted further to delay their decisions on the fundamental issues at stake. Thus the BI/CI case is a good example of the relative neglect of long-term social policy issues by British trade unions mentioned above. As long as the government does not proclaim BI/CI as a long-term social policy goal and instead seems to see a strong moral objection to the unconditionality of BI / CI, they were not prepared to come out in favour of it – especially as it had some element of ‘something for nothing’ about it, which might jar with their own members’ values.

This seems to indicate that the trade unions remain an organised interest in UK society that cannot yet be relied upon to give support to the Basic Income principle, or to form part of a civil-society coalition for its introduction. To stand a chance of getting on the political agenda, BI / CI needs such a coalition, including organisations such as churches, claimants’ groups, the voluntary sector, social services, and public-sector professionals. Further, it would seem of great importance to win the interest of the government’s social policy strategists, as this would indirectly reinforce the case for CI/BI from the perspective of the trade unions. While the trade unions have championed more generous benefits for labour-market outsiders (partly to dampen competition from them for employment, which might drive down wages) they still see a possibility that these could take the form of work-related National Insurance entitlements. They play down the extent to which tax credits have already undermined their position, and introduced an element of selective wage subsidisation into the labour market, which reduces their negotiating power. For advocates of Basic Income, this indicates a long period of persuasion and negotiation with the trade unions ahead – and the need for more research on this topic.

Reviews

What's Wrong With A Free Lunch? Philippe van Parijs (ed.)
Boston, Beacon Press

Basic Income On The Agenda Robert van der Veen and Loek Groot (ed.)
Amsterdam University Press

(This review, by Samuel Brittan, was first published under the title *In Praise of Free Lunches* in the *Times Literary Supplement* of the 24th August 2001. It is reprinted by permission of Samuel Brittan and the *Times Literary Supplement*)

One of the myths of New Labour is that paid work is the answer to most social problems. There is no need to argue about the miseries that arise when people able and willing to work are not able to find a job that makes them better off than being on the dole. Nor need anyone deny that people have become disheartened and in the fashionable jargon felt socially excluded through lack of work other than dead end jobs. Some of these have had their self respect and whole outlook on life transformed by appropriate job opportunities.

But it is a fatal logical slide to move from here to insisting that as many people as possible should work for cash, even if that is not what they want to do or that is not the best way of using their enthusiasms and skills. The obvious vulnerability of current policies is in the pressure placed on unmarried mothers to take up paid employment when in many cases the most useful thing they can do would be to look after their children.

The issue is wider. The mistake of Karl Marx was to thunder against private capital and investment income. The problem with them is not that they exist but that too few of us have them. One of the great advantages of the old professional classes is that they had some personal funds on which to fall back and were not completely dependent on wages and salaries. This gave them a degree of independence in dealing with employers or clients as well as a nest egg on which to fall back in difficult times. Last but by no means least, it was possible for younger or more unconventional people to take time off before or during their careers to travel round the world, follow an artistic bent on a modest income, give their time and energy to good causes, or engage in a little riotous living.

Unfortunately most defenders of market capitalism have chosen to ignore the existence of unearned income and shut their eyes to the ample evidence of its existence among affluent Americans as well as in the European upper middle class. Yet this easy way out was not taken by F.A. Hayek, Lady Thatcher's favourite economic philosopher. Hayek went out of his way to praise the existence of the person of independent means, who was responsible for much of the innovation of the last few centuries -- whether in high culture, in the launch of good causes such as the anti-slavery campaign or the more mundane development of the art of living including a great variety of hobbies and sports which were afterwards taken up by the mass of the population. Without the support of modest independent wealth we would not have had *Private Eye*; and without the Rowntree Fund British Opposition parties would have very meagre research support.

Indeed Hayek went so far as to say that if there were no other way it would be better to grant an independent income to one householder in a hundred chosen by lot than not to have it at all. In the 40 years and more since his *Constitution of Liberty* was published, productivity in the developed world has made great strides. Are we not now approaching a position where some non-wage income could be available not to one in a hundred but to all citizens?

There is also a very modern reason for advocating some form of non-work or property income for all. In recent times there has been a greater dispersion of market rewards for different types of work -- usually labelled growing inequality. This could well be a passing phase in economic development; but even passing phases can last several decades. It is surely better that those without the skills required in the modern economy - including among the skills a street-wise instinct for market opportunities - should be able to do some low-paid work, supplemented by other sources of income, and not be forced into relying solely on the dole. Many elements of such an approach exist already in Labour's New Deal and social security reforms, which could

be taken in gradual steps towards a universal minimum income and away from the present puritanical obsessions.

Indeed there is today an organised movement towards what is known as Basic Income. In Europe its support tends to come from left-Liberal and Green groups. It is especially strong in Ireland and Finland; but it also has a certain amount of support among the US Democrats. But it is not only among the unorthodox Left that we find such ideas. They were inherent, even if he did not realise it, in the old slogan of Anthony Eden about a property-owning democracy. Milton Friedman was one of the pioneers of a negative income tax which would be received by those whose income fell below a certain threshold, instead of the present mass of conditional social security payments for pensions, unemployment and other contingencies. As one would expect, John Stuart Mill was sympathetic. Before World War II a thoughtful Liberal politician, Lady Rhys Williams, put forward the idea of a social dividend for all as an alternative to the Beveridge proposals.

There is now enough interest to warrant the publication of two series of essays on a proposal for a Universal Basic Income (UBI) as defined by Philippe van Parijs, who holds the Hoover Chair of Economic and Social Ethics at the Catholic University of Louvain, and who is at the intellectual centre of the contemporary movement. Much the most concise and clearest exposition is in the Beacon Press book.

Van Parijs bases his advocacy on a specific theory of real freedom for all which he has outlined in earlier works. Of course any kind of support for basic income must be based on a value judgment. But such a judgment is surely more persuasive if it can fasten on to a social form which has existed for many years, such as investment income, but which growing affluence provides us an opportunity of extending.

It has to be said too that such proposals have also attracted support for bad reasons from economic Luddites who believe that there is only a certain amount of work to go round, which needs to be rationed and shared. Such advocates see them as a sort of bribe for people to accept a compulsory shortening of the working week, work-sharing and other wealth-destroying ideas. Opposition comes from mainline social democrats whose trade unions backers have traditionally thought in terms of paid work and statutory minimum wages as a principal weapon against poverty. In the US opposition comes not only from instinctive conservatives, but also from radicals such as Prof Edmund Phelps who is outraged by the idea of abandoning the work ethic and providing benefits to those who prefer to surf off Malibu in the afternoon and smoke pot all night.

Some of the Amsterdam contributors do their cause no favour by linking it up with the development of the European Social Charter and their assumption that a basic income scheme would require harmonisation over the whole EU area. Presumably what they have in mind is that workers would otherwise move as free riders to countries which had such a scheme in operation. So far however the problem in the European Union has been inadequate rather than excessive mobility of labour. If worries of this kind are serious in an enlarged EU it would be possible to restrict the scheme to long-time residents and extend it if and when the fears turn out to prove unfounded.

The most persuasive way of putting the matter is in terms of what Winston Churchill once called a ladder and a floor. He espoused a minimum below which no-one could fall irrespective of abilities, luck, training, effort or anything else; but above that there is a ladder on which anyone could rise to whatever level their ability, luck and energy could take them. A minimum income in this sense needs to be sharply distinguished from a compulsory minimum wage which

contributes to unemployment and is a breach of the human right to make a contract for services from which both sides benefit.

Persuasion is made more difficult because of the bewildering variety in which such proposals come. Some of the complexity is inherent in the subject. But it is aggravated by the confusion among many advocates between administrative forms and economic substance, and by the variety of labels for this set of ideas.

The conventional response is that if people can survive without working many will do just this, that the national income will collapse and the scheme therefore prove self-destructive. This was indeed the objection to the Speenhamland system introduced in the UK by some magistrates at the beginning of the 19th century under which labouring wages were made up to some conventional minimum. The political economists at the time rightly pointed to its disincentive effects, although that did not justify the harsher aspects of the New Poor Law which succeeded it in 1834.

There has been progress since the early 19th century. The reason why Speenhamland could not work was that the prevailing level of normal wages was hardly above subsistence. Therefore it really did not pay unskilled agricultural workers to take a job unless they were physically forced to do so. The hope today is that productivity and the general standard of living have reached a level well above even conventional subsistence. In other words it should pay people to take a job. There is however no hope of reaching the goal of capitalism without the puritan ethic unless it is recognised that poverty is not just a relative concept. So long as we accept some compromise whereby there is both an absolute and a relative element, the gap between Churchill's floor and average pay levels can rise with national productivity.

The majority of adults would want to do paid work as well. The Malibu surfers are not typical. Most of the old upper bourgeoisie also worked and regarded their own independent means as either a nest egg to fall back upon or as a supplement to their professional or business incomes. The late Nobel prize winning economist, James Meade, looked forward to a time when the typical citizen would have three sources of income: a wage or salary, an unconditional basic income from the state and some assets other than their own homes.

Of course there are many distinctions to be made. One is between conditional and unconditional payments. In the UK Keith Joseph, in his early incarnation in the 1970s as Secretary of State for Social Services, introduced the idea of an income top-up for workers. This has been much extended by subsequent governments and especially the present UK Labour administration to a fully fledged Working Families Tax Credit. At present this is only available for families with children, but should be available to all adults in 2003 assuming that the government goes ahead with its proposed integrated Employment Credit. This kind of scheme has its parallel in the US Earned Income Tax Credit. It is in fact a negative income tax conditional on carrying out paid work.

A yet further distinction is whether the payments should be made on a household or individual basis. The household basis has the advantage of being less expensive and is used for present-day social security payments. The individual basis, however, is not dependent on probing into marital relationships and is more in keeping with the shift to independent taxation.

Yet a further distinction lies in the cut-off rate at which payments tail off as cash income from other sources rise. In their most moderate form, which was probably what Friedman had in mind, there would be a 100 per cent cut-off. This would mean accepting a high poverty surtax which citizens could rise above once they had secured reasonably-paid employment. In the most radical form the cut-off rate would be no different to the normal rate of income tax. This would end the

very high implicit surtax rates at the bottom of the income scale but at the cost of a higher marginal tax rate for all who paid positive tax.

Finally, minimum income schemes differ enormously according to which elements of the present welfare state they would supplement or replace. At one extreme they would simply plug gaps not covered by existing state pensions, unemployment pay and so on. At the other extreme (and this is what attracted the Friedmanites) they would replace not only all existing cash payments but also services in kind such as health and education.

Van Parijs' proposal is for a universal basic income (UBI) paid at a uniform level to each adult. The grant is paid, and its level is fixed, irrespective of whether the person is rich or poor, lives alone or with others, is willing to work or not. It is something on which a person can safely count. Any other income can be lawfully added to it. It need not however start by covering all basic needs. He argues that the easiest way forward is likely to consist of enacting a UBI first at a level below subsistence and then increasing it over time. Alaska already has a partial basic income payment for all residents based on that state's well known oil revenues.

Some BI supporters make a great deal of the fact that it would be paid to everyone over the counter or through the post. This would make it seem enormously expensive in conventional terms. It would seem much less so if it were given as a tax credit, ie a negative income tax. In that case most wage earners would simply experience it as a deduction from their tax bill. The best solution would probably be to let the recipients themselves choose as in the case of the WFTC.

If the payment is made in a tax credit form it is much easier to explode exaggerated ideas of what such a scheme would cost. Let us take a householder or a principal breadwinner who earns £500 a week and pays tax (including what are now called National Insurance contributions) of £100. If the minimum income is £100 he makes no payment and receives none. The perceived cost is zero. The net cost of the scheme will then be the transfers to those who will be receiving net payments; and it is only this element which could lead to an increase in the tax burden. As a rough order of magnitude a full basic income paid on an individual basis at the conventional subsistence rates laid down in social security provisions would add 10 to 15 per cent to marginal tax rates - now running at 32 per cent in the UK, including employee national insurance contributions.

A compromise, known as a Citizen's Participation Income, has been put forward by Tony Atkinson, the Warden of Nuffield College. It would not be unconditional but would be available for those engaged, for instance, in full-time education or training, intensive care work and approved forms of voluntary work. As Brian Barry notes, this opens up nightmarish prospects of bureaucratic probing to decide who is eligible. A former cabinet minister recently spent the best part of a day helping a caretaker to fill in his application for WFTC. One can imagine how the complexities would increase with a Participation Income. A participation income might be a politically necessary initial move. But in the end we would see either a true Basic Income or the abandonment of the whole experiment.

A final issue concerns the pros and cons of a regular Basic Income versus a capital endowment. In some kinds of rational and far-sighted world they amount to the same thing. Lifetime basic income payments discounted at the appropriate interest rate are equivalent to a capital sum. And someone who receives this capital sum on achieving adult status would be able either to live on his or her capital at a steady rate or borrow on the strength of it. So on libertarian grounds the capital stake is to be preferred.

But obviously not everyone has access to credit markets at prime rates. Moreover, what do we propose to do about the prodigal son who spends his endowment at an early age and is not subsequently able to earn a market wage above the poverty level? It is most unlikely that a civilised society would let him starve; and as soon as this is conceded, the asset endowment looks the more expensive option. But an offsetting advantage of asset distribution is that it is politically easier to make it either universal, or general to those below a certain income, without the work test that is still insisted upon for income distribution schemes.

The British Labour Government has in fact taken up the asset idea in proposals for a Child Trust Fund or so-called baby bonds. The details have still to be decided. The illustrative examples suggest something small. Some £500 might be allocated at birth - richer households would get half this amount. Modest additions would be made at the ages of, say, five, 11 and 16. Assuming that the income would all be reinvested at a real yield of 5 per cent, the stake might be worth 1640 by the time the beneficiary was 18. In addition family and friends would be given incentives to make further contributions. The Institute for Fiscal Studies estimates the cost at just over 300m per annum. On this scale it could be financed from normal government revenue.

If the scheme is to make a more sizeable contribution to a wider distribution of wealth, some source of funds other than tax revenues will have to be found. An opportunity was missed when the revenue from mobile telephone auctions was devoted just to reducing the National Debt. But there may well be similar windfalls for the government in future and we now have a ready place in which to put them. It is so difficult to convince a still puritanical public opinion of the advantages of either kind of reform that we should make progress wherever we can.

Samuel Brittan

New Labour – The Progressive Future, edited by Stuart White (Palgrave, 2001), ISBN 0-333-91565-8

If sense is to be made of the distinction between parties that seek to maintain the political status quo and those that move the agenda forward, independently of market forces, then clarification is needed. The future and coherence of 'progressive' politics is examined within this series of lectures, with particular emphasis on education and the progress made towards genuine social justice.

The real strength of this book is the wealth of context that the contributors bring to the current situation. New Labour's agenda is analysed within a historical and philosophical framework that includes insightful comparisons from the original founding of the Labour Party through to the present-day Netherlands.

The three parts to the book deal with 'The Ideology of New Labour'; 'New Labour in Government'; and 'Comparative Perspectives'. At the end of the book the reader will have a clear sense of the ideological development behind the party, how that ideology has reacted to the demands (and limitations) of power and a sense of how other political parties within other countries have mirrored (or are perhaps preceding) its development within the UK.

In their concluding essay, Stuart White and Susan Giaino reflect on how the periodic tensions that occur between market forces and progressive politics can be managed, and what that management is likely to require.

Duncan Burbidge

Recruiting and Employing Offenders, Del Roy Fletcher, Alan Taylor, Stephen Hughes and Jonathan Breeze (Joseph Rowntree Foundation, 2001), 59+v pp, £13.95, ISBN 1 84263 036 9.

This report is based on a close study of recruitment practice in 26 companies of varying size, on focus groups in which employers discussed their policies in some detail, and on a postal survey of 400 companies. The researchers encountered many companies now actively recruiting amongst offenders, particularly in London.

The report notes that the Employment Service and the Benefits Agency are being merged into a new agency with 'Jobcentre Plus' at its heart, and that it will be the new agency's task to ensure that offenders are treated fairly in the job recruitment process.

Because the report is based on interviews and correspondence with employers rather than with offenders, it doesn't ask how offenders view the options open to them when they leave prison. If an offender is on Income Support and on Housing Benefit, then to take a low-paid job might not seem worth the trouble: but it is precisely the social integration which a job provides which many offenders need.

What is needed now is research amongst offenders to ask them what they believe their options to be; and the researchers' report should address the question: What tax and benefit structure would be required to make employment an attractive option for more offenders ?

Malcolm Torry

Max Nathan, *Getting Attached: New Routes to Full Employment* (Fabian Society, 2001), 36+iv pp, £6.95. (A revised version appears in *Working Brief*, issue 128, October 2001, published by the Centre for Economic and Social Inclusion.)

Responding to the achievements of the government's 'New Deal for Young People', to recent trends in the labour market, and to greater flexibility of employment patterns and to an increasing stratification of the labour market (with the low-skilled and low-paid now more separated from the high-skilled and high-paid, with little in between), Nathan recommends a new 'welfare to work' strategy which he calls an 'attachment' approach. This is a development of the New Deal with personal advisers and 'attachment accounts' accompanying people into employment and staying with them while they experience the rather more chaotic employment patterns of today's labour market. Nathan recommends a devolved approach, with the design and implementation of attachment strategies at local level, and an approach which serves the employer as much as the employee. The approach is long-term: "It would aim to provide tools for long term labour market navigation. It would do this by fusing Welfare to Work, workforce development and business support" (p.2).

The first chapter is a most useful survey of the current state of the labour market, which concludes that there are "widening divisions between a stable, highly paid service elite, a declining male industrial proletariat, and a pool of low skilled, low stability jobs in services, filled mainly by women. It is becoming harder and harder to move from the second and third of these to the first" (p.10). The second chapter discusses the government's 'welfare to work' programme and its successes, and then recommends that government schemes become more devolved so as to serve very different local conditions in different places. The third chapter suggests that the new Working Age Agency (currently being created by the amalgamation of the Employment Service and the Benefits Agency) should become an Attachment Agency, with the aim of keeping people attached to employment, not simply of getting them into it.

The conclusion contains four paragraphs. The first two and the final paragraphs are about the attachment strategy – the subject of the book - and they operate on the same assumption: that work is paid employment. But the third paragraph is different: “It is not enough to end welfare as we know it. Work, too, must be transformed. We need to rethink ‘work’ to include a much broader range of constructive activities. We should recognise that full-time paid work is not always suitable for everyone, all of the time – whether the jobs are there or not. There is a strong efficiency and equity case for such changes. Broadening work will enable communities to build social and economic capital. Given the extent of many people’s detachment from the labour market, it will open up useful new routes for moving these people back towards paid work. Broadening work will also visibly extend choice in the labour market, and better match people’s needs with possible activities. In doing so, it will recast the balance of rights and responsibilities for the better” (p.31).

What the book as a whole lacks is any discussion about the tax and benefits system which is the context for individuals’ and families’ labour-market decisions. Working Families Tax Credits have lessened the poverty trap which Family Credit helped to create, but at the cost of more complex employer-based administration – and they have done nothing to solve the administrative problems which people face when they move in and out of employment. Both the attachment strategy and the broader discussion of how we should understand ‘work’ need a context. What we now need from Nathan is a discussion of the different world towards which the third paragraph of the conclusion is pointing us, and a discussion of the tax and benefits system which such a world will require. If the present publication is anything to go by, such a book should be a good read.

Malcolm Torry

Events

‘Disability, Welfare, and Work: From Rhetoric to Rights?’

Thursday 17th January 2002, at Staffordshire University.

Speakers include Lorna Reith (Chief Executive, Disability Alliance), Martin Barnes (Director, Child Poverty Action Group), Keith Puttick (Staffordshire University Law School), and Catherine Casserley (Legal Officer, RNIB). Further details from Keith Puttick, Staffordshire University, Leek Road, Stoke-on-Trent, ST4 2DF, 01782 294000 x 4462, email: k.a.puttick@staffs.ac.uk.

The first congress of the United States Basic Income Guarantee Network:

‘Fundamental Insecurity or Basic Income Guarantee’

March 8-9, 2002

The conference organizers write:

“In the year 2001, toward the end of the longest period of uninterrupted economic growth in US history, millions of US workers remained in poverty. Apparently, even in the best of times, the market economy cannot eliminate poverty on its own without a change in policy. As the likelihood of a recession increases, millions of Americans can be expected to fall deeper into poverty. One policy - or perhaps the only policy - which could completely eliminate poverty is the Basic Income Guarantee (BIG). This policy is the assurance by the federal government that

no citizen's income will fall below a minimum level for any reason. The US Basic Income Guarantee Network (USBIG) is an organization dedicated to increasing public discussion of the Basic Income Guarantee. As part of this effort, USBIG will hold its first Congress on March 8-9, 2002 at the CUNY Graduate Center (365 Fifth Avenue between 34th and 35th Streets in New York City). The Congress will be sponsored by the Center for Social Justice of the SUNY School of Social Welfare at Stony Brook and the Cultural Studies Department of the City University of New York. The purpose of the Congress is to bring together a wide group of academics, policy analysts, students, activists, and others interested in exploring the merits of BIG. It will consist of a series of panels, discussion groups, and speakers and it will include an organizational meeting for USBIG. We invite proposals for papers and panels on topics related to the Basic Income Guarantee, including but not limited to the following:

1. BIG history: the movement for a Negative Income Tax or a Guaranteed Income in the United States and lessons for the future
2. The ethics of BIG
3. The politics of BIG
4. The Alaskan dividend: the existing Basic Income Guarantee
5. The impact of a Basic Income Guarantee on civil society
6. The efficiency-equity tradeoff and the Basic Income Guarantee
7. The Basic Income Guarantee and the family: effects on marital status, domestic violence and child poverty
8. The Basic Income Guarantee outside the United States
9. The labor market effects of BIG
10. Funding a Basic Income Guarantee
11. Substitutes or complements? The relationship between the Basic Income Guarantee, government as employer of last resort, wage subsidies, and the living wage movement
12. The problem at hand: recent trends in poverty and child poverty in the U.S. and the possibility of increased employment insecurity in the next recession.

All discussion of BIG is welcome whether for or against. Papers that do not directly relate to BIG will only be accepted if they fit into topic 12, "the problem at hand." Anyone interested in presenting a paper or organizing a session should submit a proposal. Paper proposals should include the following: 1. Name; 2. University/Organization; 3. Address; 4. City, State, Zip Code (Postal Code), and Country; 5. Telephone, fax; 6. Email Address; 7. Paper Title; 8. Abstract.

Proposals for panels should include all of the above information for each paper in the panel as well as the title for the panel itself. Electronic submissions are preferred and should be sent to Michael A. Lewis at: mlewis@ssw.hsc.sunysb.edu. Submissions can also be made by regular mail to: Michael A. Lewis, Assistant Professor of Social Welfare, School of Social Welfare Stony Brook University, Health Sciences Center, Level 2, Rm. 093, Stony Brook, NY 11794-8231."

The Citizen's Income Trust wishes this new initiative well, and would like to suggest that the first session should contain a discussion of definitions. The term 'basic income guarantee' can mean two things: a) an unconditional, nonwithdrawable income; b) a means-tested benefit to ensure that a person's income reaches a particular level. These are very different concepts.

Quote

From the *Church Times* dated 1st November 1901:

The duty of the State has been once more put forward in proposals for State-aided Old-Age Pensions, which will come before the next meeting of the National Conference of Friendly Societies. The Rev'd J. Frome Wilkinson, President of the Conference, will move a resolution to the effect that a better provision should be made for old age in the case of persons who have shown habits of self-help and self-reliance; that it is the duty of the State to assist the aged of the industrial population in the attainment of such provision, by granting a fixed contribution to persons recommended by a local pension authority, who shall be able themselves to produce by insurance in a Friendly Society for a term of years, or by some other equivalent means, at least one-third of the total pension. The scheme has been sent out for free and open discussion. Use is to be made of parish and county councils and their urban equivalents, but the Poor Law and all its works are to be avoided. This appears to be a strong point, since there are in the air proposals for a sort of glorified outdoor relief. If pensions are to come at all, they should be of legal right, in recognition of citizenship, and not of grace to the unfortunate, with its accompanying dependence.

(Reprinted with permission from the *Church Times*, 2nd November 2001).