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Citizen's Income Newsletter

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Editorial

In this issue we publish the second of a number of previously unpublished pieces which have recently come to light (the first was Chris Downs' article on pensions, which we published in the first edition for this year). This time it's a working party report on *Citizenship and a Citizen's Income*, a report which has needed alteration only in relation to a few details. We first publish the working party's own summary; then some news items; and then the report itself. This means that readers of the printed version of the newsletter will be able to extract the report if they should wish to, and that those who view the newsletter on the website will similarly be able to print out the report.

Summary of the Report *Citizenship and a Citizen's Income*

A Citizen's Income is an unconditional, non-withdrawable and automatic income for every citizen. But who is a citizen? To whom should a Citizen's Income be paid? And what effect would a Citizen's Income have on the nature of citizenship?

A. Citizenship

1. *The history of citizenship* in the UK has been one of increasing civil, political and social rights, and subsequently of the decline of those rights - and particularly of social rights.

2. *Citizenship today*:

a) In the UK, there are degrees of citizenship and no univocal definition of the 'citizen'.

b) Some traditional duties of citizenship, and particularly the duty to seek employment, are now problematic because not always fulfillable - suggesting that duties need to be reformulated.

c) Civil, political and social rights need an underpinning of economic rights, and particularly the right to a non-stigmatising income.

3. *The future of citizenship* requires a universal financial security.

B. Citizen's Income

1. *Proposals for a Citizen's Income*: an unconditional income paid to every man, woman and child: a flexible social policy which would alleviate the poverty and unemployment traps, and a social policy which might provide a new basis for social citizenship.

2. *Who would get it?*

a) The electoral register could be the basis for entitlement, but the register would need to include people of no fixed abode. Decisions would be needed over whether citizens of other European Union nations should receive a Citizen's Income (they are currently on the register if they live here) and whether British citizens abroad should receive a Citizen's Income.

b) Child Benefit is currently paid for the children of anyone who has resided here for 26 weeks during the past year, and such a criterion could determine who receives a Citizen's Income.

Either a) or b) or both together could be employed to determine who receives a Citizen's Income. (To employ a) would encourage voter registration as a by-product).

3. *The effects of a Citizen's Income on citizenship*

a) The definition of the citizen would become clearer as the payment of a Citizen's Income would help to define a citizen. A new social solidarity might result.

b) Citizenship duties would be redefined (with a broader definition of work) and many people would find it easier to fulfil citizenship duties.

c) Citizenship rights would be less tied to the labour market, and at the same time rights to and through the labour market would be more accessible.

d) A Citizen's Income would encourage both social solidarity and cultural diversity, and a Citizen's Income paid at the European level as well as at the national level would contribute to the definition of a European citizenship to complement our British citizenship.

A Citizen's Income is an unconditional, non-withdrawable income payable to each individual as a right of citizenship

The conclusion raises the question as to whether a prior definition of citizenship should determine who receives a Citizen's Income or whether criteria for payment should help to define citizenship. The latter is more consistent with the British constitutional tradition.

News

The **International Social Security Association** has published 11 common objectives for adequate and sustainable pensions:

Maintain the capacity of the systems to attain their social objectives:

- Prevent social exclusion
- Maintain standards of living
- Promote solidarity

Maintain financial sustainability:

- Raise levels of employment
- Prolong active life
- Ensure sustainability of pension schemes while maintaining healthy public finances
- Adapt benefits and contributions in a balanced manner
- Ensure the adequacy and financial solidarity of private pension schemes

Respond to changes in social needs:

- Adapt to more flexible employment schemes and careers
- Respond to the desire for greater equality between men and women
- Prove the capacity of pension schemes to reach their objectives.

The ISSA's website is at www.issa.int

The Pension Credit will be introduced on the 6th October 2003. It replaces the Minimum Income Guarantee, and the government anticipates that it will provide additional income for nearly half of all people aged 60 or over. The aim of the credit is to encourage people to save and to build up private and occupational pensions by not penalising savings and pensions to the same extent as the Minimum Income Guarantee.

The Pension Credit will guarantee £102.10 pw to single people and £155.80 pw to couples between 60 and 65 years old, and more for older people. These figures will be decreased by £1 pw for every £500 of savings or part of £500 over £6,000. An extra credit is payable (the 'savings credit') of 60p for each £1 of qualifying income claimants have coming in each week between the savings credit starting-point (£77.45 for a single person and £123.80 for a couple) and the standard amount (as above) – though this savings credit reduces by 40p in every £1 if the claimant's total income is above their 'appropriate amount', i.e. the standard amount or a higher amount if they are severely disabled, a carer, or have certain housing costs. The

maximum savings credit someone can be entitled to is £14.79 for a single person and £19.20 for a couple.

Review

Kirstein Rummery, *Disability, Citizenship and Community Care: A Case for Welfare Rights ?* Ashgate, Aldershot, 2002, 212 pp., hb, 0 7546 1757 2, £39.95.

It is true that it is difficult to get into the system to receive community care but this book does not highlight the fact that this varies around the country as eligibility criteria are different depending on where you live. Once on the bottom rung the level of support you receive again varies from area to area and this again was not identified in the book.

This book is not an easy read and did not always distinguish between the author's thoughts, individuals' contributions and quotes from other written material. The constant referral to the source of material made this a rather disjointed read.

The correct care package for the individual can be a liberating experience allowing users, their partners, spouses or parents to return to more conventional relationships because they are not trying to fulfil a dual role. For me, direct payments contribute enormously to allowing these relationships and to restoring spontaneity to my life. So you can understand why I was disappointed that there was not more mention and information about direct payments until the last page or two, especially as users may require unbiased help from many sources to implement direct payments.

Recipients of a standard statutory care scheme are unable to participate in mainstream life because of the level of support they receive. As a result of this type of support the disabled person is unable to develop full relationships or to commit to any activity because they spend so much time waiting for the worker to arrive.

As the author states, the real drawback with the system is the level of involvement of the user and social services with the assessment stage. However, it is public money that is being spent, so there has to be some control over how the funding is used.

Although this book highlights some of the problems accessing the care system, it is not helpful for those needing care, as it is more likely to put them off trying to gain assistance in any form. Perhaps further research into citizenship and direct payments might be appropriate, as this is more likely to provide choice to participate in the community.

Wendy Dibdin MBE. BSc, former Chair of Greenwich Association of Disabled People, a Consultant in Disability Issues, and a Wheelchair user who uses Direct Payments for support staff.

Report

Citizenship and a Citizen's Income

A 'Citizen's Income' is an unconditional, nonwithdrawable and automatic income for every citizen: but who is a 'citizen'? And what does it mean to be a 'citizen'?

At the beginning of a new millennium we cannot avoid the question as to what kind of society we wish to live in and thus the question of what it means to be a citizen. And as society, technology, the economy and the labour market all change more rapidly than ever before, we cannot avoid the task of refashioning the tax and benefits system so that it better serves the needs of a changing society.

Nearly ten years ago the Citizen's Income Trust convened a working party to study these issues. Its deliberations were never published. We believe that the issues discussed by the working party are as relevant now as they were then, so (with only minor changes) we here publish its report.

We would like to thank Dr. Gail Wilson, Mr. James Dickens, Professor Jane Lewis, Ms Melanie Nock, Mrs. Evelyn McEwen and a variety of other individuals for their contributions to the debate which led to this paper (and are only sorry that they are not all still with us to see the publication of their labours); and we would also like to thank Mr. Jos Jours and his colleagues at the Department of Social Security (as it then was) for helpful information.

A. Citizenship

A 'citizen' is "a member of a state."¹ Some countries' residents are formally citizens but have few rights - and it must be asked whether they are really citizens at all. In most of the UK we are formally subjects of the monarch rather than members of a state, but a variety of rights and duties has evolved which constitute a degree of citizenship.

In this section of the report we relate the history and contemporary nature of our citizenship.

1. The history of citizenship in the UK

The terms of the modern debate on citizenship were set by T.H. Marshall² when he formulated his three stages of civil, political and social rights: legal rights relating to contracts, followed by rights to participate in a representative democracy, in turn followed by rights to the benefits of a welfare state. This was no smooth evolution, but rather a conflict-driven process and by no means an irreversible one.³ Neither is the citizenship which has evolved simply about the nation state, but is a many-layered reality involving the many different communities we all belong to: local, sectional, economic, national, European....⁴

Our citizenship is a web of rights and duties in relation to the different communities to which we belong - but civil, political and social rights relating to the nation state remain the bedrock of other citizenship rights and duties, and it is thus nation-state citizenship on which we shall concentrate: a citizenship which "refers to a status enjoyed by all full members of a nation state," a status which combines elements of universality, equality and participation.⁵

The reversibility of citizenship's evolution has been amply demonstrated recently by both ideological and structural challenges to the Welfare State. The New Right's fear of dependency coupled with an economy in which increased investment frequently means a drop in employment have between them made rights to welfare and employment problematic. Maurice Roche sees the combined effects of contemporary changes as a rolling-back of social citizenship⁶ (Marshall's third category) and the new economic situation we are in as a requirement that we completely reinvent social citizenship.⁷

So the history of citizenship in the UK during the past two centuries has been one of increasing civil, political and social rights, and subsequently of the decline of those rights, and particularly of the social rights which constituted the welfare state and full employment policies of the post-war political consensus.

We now turn to a more detailed description of the citizenship which we currently enjoy in the UK.

2. Citizenship Today

a) *Who is a citizen?* - that is, who are the people to whom we grant rights and from whom we expect the fulfilment of duties?

There are some things which do *not* constitute the boundary: for instance, not all British passport holders have a right to reside here. And in relation to those things which do determine the boundary (the Nationality Act, the Asylum Bill) the boundary is far from fixed.

For different purposes the boundary is different. For instance: Child Benefit is paid to anyone who is responsible for a child and who has lived here for six out of the past twelve months - though there are now exceptions⁸; and means-tested benefits can only be paid to someone 'habitually resident' here, an adjudication on whether or not someone is 'habitually resident' depending on the six factors: where the person's centre of interest lies; whether he or she has stable employment; the nature of the person's occupation; the person's reasons for coming to the United Kingdom; the length and continuity of residence outside the United Kingdom; and the person's future intentions.⁹ For those seeking refugee status, rights to social security have been neither clear nor stable during the past few years.

In the UK, there are *degrees* of citizenship. Some people possess civil rights but some do not (residents awaiting adjudication on asylum requests cannot enter into a contract of employment), some people have political rights but some do not (some foreign nationals have permission to live and work here but cannot vote; and clergy of the Church of England cannot sit in the House of Commons); and some people have more social rights than others (a foreign student might be entitled to Child Benefit but not to means-tested benefits; to free education for their children but not to NHS health care for themselves).

There is thus no univocal answer to the question 'Who is a citizen?' - which is going to pose problems for the administration of any new universal benefits such as a Citizen's Income: an unconditional, automatic and nonwithdrawable income for every citizen. First of all, it is not clear to whom such an income should be paid, and secondly, the payment criteria which evolve would effectively determine who is a citizen and who is not - and it could be argued that this decision ought not to be made via benefits regulations.

b) Citizenship duties.

The welfare state is a system of duties (to honour contracts; to vote in elections; to contribute according to one's means) as well as a system of rights.¹⁰ A duty formalised in the seventeenth-century Poor Law and still enshrined in National Insurance and means-tested benefits legislation is the obligation to seek employment and the obligation to take employment if it is offered. In the period of reconstruction and full employment following the Second World War this obligation made sense, but now that technological and employment market change are as rapid as they are, much employment is short-term, new investment often results in a *loss* of employment, and the health of the employment market does not directly correlate with a country's economic performance. In general, temporary employment is replacing permanent employment.¹¹

The duty to work is now problematic, for how can there be a duty when for many there is no opportunity, and when often what is available is part-time employment and what is required to lift a family off means-tested benefits is well-paid full-time employment? Tax credits mean that no-one should now suffer benefit withdrawal rates of 100% (which is what used to happen to recipients of Income Support who found employment), but the combined withdrawal rate of Tax Credits, Housing Benefit and Council Tax Benefit can still be 80%, thus compromising a duty to undertake paid work.

It has been suggested that in this new situation we ought to alter the definition of 'work' to cover paid and unpaid work, and particularly caring work in the family and in the

community: that we ought to alter the definition of 'work' to mean 'beneficial activity'. But it is easier to change one's attitudes when financially and socially secure, and many of those most in need of being able to re-evaluate their own unpaid work are those with the least secure incomes and those facing a variety of kinds of poverty (and this is particularly the case for those who take their obligations to their families seriously, for whom financial security is both more of a necessity and more difficult to achieve).¹² If as a society we need attitudes to work to change, then providing individuals with a level of financial security must be a priority.

c) Citizenship rights.

T.H. Marshall's summary ignores any concept of economic rights, that is, rights to economic resources by virtue of one's citizenship. This is an important omission, for without a certain income it is impossible to exercise rights and duties. If van Gunsteren is correct in saying that "effective citizenship does not only require a political say and a legally protected status, but also a certain level of socio-economic security,"¹³ then the welfare state's guarantee of a minimum income is the foundation of civil, political and social rights - even though the history and current reasons for the complex system of benefits is not explicitly about either the prevention of poverty or the foundation of citizenship rights.¹⁴

However, the means by which an income is provided might negate its status as an economic right, and Fred Twine suggests that because citizenship is about the relationship between individuals and institutions, the stigma attached to means-testing means that "a means-tested benefit cannot provide a social right of citizenship because it threatens the integrity of the self."¹⁵ Means-testing (and Tax Credits are still means-tested benefits, even if they are administered by the Inland Revenue) is an intrusive process which divides people off from those citizens who earn or otherwise receive an income without the state intruding into their relationships or their daily activities. So, if economic rights are indeed a prerequisite of civil, political and social citizenship rights, then a positive right to resources must be established which does not rely on a process which excludes people from a sense of citizenship.

The Commission on Citizenship which reported in 1990¹⁶ recommended "that a floor of adequate social entitlements should be maintained, monitored and improved when possible by central government, with the aim of enabling every citizen to live the life of a civilised human being according to the standards prevailing in society."¹⁷ Two major criteria for the provision of such social rights are administrative simplicity and a lack of stigma.¹⁸ In the income maintenance field current legislation leaves much to be

desired in these respects, for Tax Credits are far from simple in their administration and they are understood to be intrusive means-tested benefits (and more intrusive than previous benefits because an employee can find that their employer knows more about their relationships than they did before) and thus still carrying a degree of stigma.

3. *The Future of Citizenship*

The introduction to the 'Dahrendorf Report' is as good a statement as any of the kind of citizenship to which we might aspire:

'Wealth' "summarises what people value in their social lives. The wealth of nations is therefore an objective which transcends the boundaries of economics in the narrow sense. Wealth must be socially sustainable. This is where *social cohesion* comes in to describe a society which offers opportunities to all its members within a framework of accepted values and institutions. Such a society is therefore one of inclusion. People belong: they are not allowed to be excluded. They show *commitment* to values and institutions. The result is a *stakeholder society* in which companies, organisations and communities are linked to common purposes. Its members enjoy the rights and accept the obligations of citizenship."¹⁹

Such a citizenship will encompass civil, political and social rights and duties, and will need to be founded on economic rights and obligations.²⁰ In a changing world, that means a universal financial security and, according to both Maurice Roche and Barrie Sherman and Phil Jenkins, it requires a Citizen's Income.²¹

B. Citizen's income

1. *Proposals for a Citizen's Income*

There have been a variety of proposals for a Citizen's Income, and a variety of reasons for making them:

A 'Citizen's Income' is an unconditional income paid by the state to every man, woman and child²² as a right of citizenship. It could be age-related, and there could be more for elderly people than for adults of working age and more for adults than for children. There could also be supplements for disability. However, there would be no differences on account of income or wealth, work status, gender or marital status.

Citizen's Income is an immensely flexible social policy. It can operate with a variety of other benefits; it can operate

alongside the National Minimum Wage; it could be funded by a wide variety of tax regimes; and however large or small the Citizen's Income, it would alleviate the poverty and unemployment traps, increase economic efficiency, be simple and cheap to administer, promote a more flexible labour market, increase employment, encourage training, increase individual freedom, help prevent poverty, and unite our society.²³

A Citizen's Income could be paid for in a variety of ways. One possibility would be through reducing personal tax allowances and reducing existing means-tested and National Insurance benefits. The present system of income tax allowances could be reduced. Everyone would receive the same Citizen's Income payment, but richer people might contribute a little more income tax than under the present system.

There is of course considerable debate as to how much the Citizen's Income should be. Initially a Transitional Citizen's Income would be paid, perhaps of £20 per week for each adult and £15 per week per child (i.e., £70 per week for a couple with two children). This level of Citizen's Income could be paid for by eliminating all tax allowances (although a personal allowance of £10 per week on earned income might be retained) and introducing a new 50% income tax on all incomes above £70,000 p.a... The Transitional Citizen's Income would be deducted from existing benefit entitlements. In time, if the experiment were a success, the Transitional Citizen's Income might grow into a Partial Citizen's Income, perhaps of half the rate of Income Support. It is unlikely that a Full Citizen's Income ("enough to live on") would ever be either affordable or desirable.

Our present tax and benefit system is now failing to do the job it was originally intended to do. It has become complicated and inefficient. Many young people are left in poverty, and many adults are still caught in the unemployment trap (which means that if they find employment their total income rises very little) or the poverty trap (which means that if their earnings increase their net income rises very little – and with Tax Credits the range of earnings to which this applies is now far wider than it was before).

Because a Citizen's Income would not be withdrawn as earnings rise, even a small one would make a difference to this situation, because a Transitional Citizen's Income would give families more choices. At present, if a man becomes unemployed, it is often not so worthwhile for his partner to remain in employment because both income-related Jobseekers' Allowance and Tax Credits take her income into account. With a Citizen's Income they could decide to forego means-tested benefits and either she could remain employed, or they could both work part-time, or

they might decide to start a business. But whatever they chose to do, they would retain their Citizen's Income as a secure foundation on which to build.

Even a small Citizen's Income would to some extent alleviate the poverty and unemployment traps and thus give people with low earnings potential significantly more choices than they currently have, and significantly greater incentives to seek employment or to train and seek better-paid employment.

Maurice Roche follows his call for a reformulation of social citizenship with the suggestion that a Citizen's Income might provide a new basis for social citizenship.²⁴ A Citizen's Income "would institutionalise citizenship principles and the social rights of citizenship"²⁵ - those principles being universality, equality and participation. But whatever civil, political, social or economic definition we give to 'citizenship', a Citizen's Income of any amount would cohere with such a definition, for it would provide an economic foundation for individual liberty and for contracts between individuals, it would encourage political participation because it would create a measure of social solidarity, and it would provide a context for other social rights (such as education) and duties (for it would alleviate the poverty and unemployment traps and thus encourage people to seek employment).

2. Who would get it?

Clearly a 'Citizen's Income' should be paid to citizens: but we have already seen that it is no easy matter to determine who is a citizen and who isn't. And because a Citizen's Income would to some extent define a citizenry, the decision as to who should receive it would be a particularly important one.

One possibility is to pay a Citizen's Income to anyone on the electoral register (and to under-18s if they would be on the electoral register if they weren't under 18). If the current register were used this would clearly have problems: Someone with no address cannot be on the register, so to give a Citizen's Income only to people on the register would leave those without an address on lower means-tested benefits (to which they are entitled) but not entitle them to the Citizen's Income. Of more importance numerically is the current state of the register. Approximately 350,000 people in England and Wales took themselves off the register to avoid paying the Community Charge, and the register has still not entirely recovered. In 1993 1.5m people over the age of 18 had failed to register for one reason or another,²⁶ and, whilst registration campaigns have helped this situation to some extent, and whilst it is now possible to be included in the register at any point during the year rather than only at an annual reregistering, the more mobile nature

of our society means that the register will still be far from accurate. To base a Citizen's Income on such an inaccurate register might deprive over 1m people of their entitlement.

It is however possible that to use the electoral register as the criterion for payment would encourage people to register and would thus improve democratic participation.²⁷ For this reason the suggestion should be given careful consideration - but the related problem of who should and who should not be on the electoral register will still need to be addressed. Some way would have to be found of including people with no fixed abode; decisions would need to be taken as to whether British citizens permanently abroad should a) be on the electoral register, and b) receive the Citizen's Income; and decisions would need to be taken as to which foreign nationals resident here would be entitled to a Citizen's Income. European Union citizens living here are allowed on the electoral register and are entitled to a variety of existing benefits and would presumably receive a Citizen's Income.²⁸

A good reason for considering a link between the electoral register and a Citizen's Income is that legislation for a Citizen's Income would need voter support, and to link receipt of a Citizen's Income to the electoral register might achieve this as it would clearly link rights to a Citizen's Income to the fulfilment of duties (and especially to the duty to vote) as well as to the receipt of rights (and especially to the right to vote).²⁹ A Citizen's Income would encourage an active citizenship, and to link its payment to the electoral register would make this point plain.

But such a link would not of itself determine who should receive a Citizen's Income. One possibility is to model the criterion for receipt on that for receipt of Child Benefit.³⁰ Just as a Citizen's Income is a comprehensible and simple payment, so surely the definition of who gets it should be comprehensible and simple - which rather suggests a rule such as that for Child Benefit, i.e., anyone who has been in the country for 26 weeks during the past year. This might give entitlement to some people who perhaps ought not to receive a Citizen's Income (such as foreign students), but it might be better to pay the Citizen's Income to them rather than to exclude them and at the same time create a tangle of regulations or a playground for discretion. If all of those in receipt of Citizen's Income were permitted to seek employment then the tax paid would in most cases repay the Citizen's Income.

These two approaches: the link to the electoral register, and the parallel with current Child Benefit regulations, could be considered either separately or together (with the 26-weeks criterion determining both inclusion on the electoral register and receipt of a Citizen's Income).

3. *The effects of a Citizen's Income on citizenship*

a) *The definition of the citizen.*

Whatever set of regulations is eventually chosen to determine who should receive a Citizen's Income, the establishment of a Citizen's Income would create a clearer boundary for the citizenry (and given that this is the case, the Citizen's Income should probably be paid to all those who are currently regarded as British citizens but who don't live here). Citizenship is, according to Goodin, "a social creation, constituted out of symbols of one sort or another,"³¹ so a welfare entitlement *creates* citizenship, both because it is an economic right of citizenship and because it is a set of symbols - and this would be particularly the case with a universal and unconditional income, for it would create a new social solidarity, even if the amount of the Citizen's Income were initially small.

In an article written in 1974, Ralf Dahrendorf worried about the possibility that citizenship rights, by granting greater autonomy to the individual, might destroy the fabric of society needed to underpin those rights.³² A Citizen's Income would *not* have this effect, for by being a universal and unconditional income - however small - it would deliver social solidarity and thus contribute positively to the necessary foundation for other civil, political, social and economic rights.

b) *Duties*

As well as making citizenship rights more diverse and more secure, a Citizen's Income might offer a realistic prospect that citizenship duties which are now difficult to fulfil would be easier to fulfil. By ameliorating to some extent the poverty and unemployment traps (and these still exist under the new Tax Credits regime), a Citizen's Income would encourage people to take employment - and particularly self- and part-time employment. The labour market would diversify, and it would be more likely that someone would find the kind of employment which would enable them to fulfil their obligations to their family³³ and to their community as well as the obligation to work for a living. With a Citizen's Income, the duty to work could mean less paid employment and more unpaid work: work in the family and in the community; and a Citizen's Income, by recognising the importance of unpaid work, might encourage the measurement of such work and thus encourage the doing of it. In particular, by increasing someone's ability to accept part-time employment rather than full-time employment, a Citizen's Income would make it easier for both women and men to fulfil their parental duties towards their children.

Far from discouraging the fulfilment of citizenship obligations, a Citizen's Income would encourage their

fulfilment and would encourage the fulfilment of an obligation to participate in society by making possible a more diverse definition of work and by making it more possible to *do* more kinds of work. At the same time, a Citizen's Income would give status and self-respect to those who are, for various reasons, excluded from the paid labour market, but who are able to take unpaid employment and make a contribution to society.

c) *Citizenship rights*

The Irish Conference of Major Religious Superiors' definition of citizenship "is not simply about political rights such as the right to vote, to equality before the law, to possession of a passport. It is also about social rights such as the right to adequate income, to meaningful work, to participation in society."³⁴ They recognise that in the past these rights were mainly delivered via full employment, but that that is now unlikely to be the case - and that a Citizen's Income might now provide a certain amount of economic security in order to combat the social exclusion which will inevitably follow the loss of full employment. They also believe - probably correctly - that a Citizen's Income, by somewhat uncoupling a full-time job from income, would contribute to a redefinition of 'work' as "anything one does that contributes to the development of one's self, one's community or the wider society."³⁶ Thus a Citizen's Income would create rights both to income and to work.

The labour market will remain one means of providing an income, of providing useful work, and of achieving social participation, but it will no longer be a vehicle for *rights* to these social necessities - which is why Fred Twine believes that "the concept of social interdependence ... provides a powerful rationale for a [Citizen's] Income as a means of sharing in industrial societies where people are dependent upon selling their labour power as a means to life but where this cannot be guaranteed."³⁷

Similarly, a Citizen's Income would integrate those members of society who are permanently without paid work (because they have a severe disability or are caring for someone who has, because they are over retirement age, or because they are caring for the young or the old) with those who permanently or occasionally gain their livelihood and other social necessities through the labour market. At present there is little in the tax and benefits structure which unites these two sections of society. A Citizen's Income of any size would be a contribution to social integration for those necessarily permanently without paid work, as well as for those without paid work because they cannot find any. A Citizen's Income would thus contribute to the social solidarity we need if we are to balance the pursuit of individual freedom with the pursuit of community.

Whether a Citizen's Income would have an adverse effect on the right to receive a fair economic reward for labour is a complex issue, but clearly an important one. Like Family Credit, a Citizen's Income could act as a subsidy to low wages, and it is possible that wage rates would fall if employers no longer had to cover the whole of someone's subsistence income. It is also possible that an increase in part-time employment and in low-paid employment would reduce the skills base, reduce the development of innovative technologies, and reduce employment rights generally. These issues are already important ones. A high-skill, high-wage economy has advantages for economic efficiency. Employment rights legislation and the National Minimum Wage are the routes to this scenario. By alleviating to some extent the poverty and unemployment traps, and by making the labour market more flexible, a Citizen's Income would make its own contribution to the efficient and just economy we need.

A Citizen's Income would confer rights to an income and increased rights to paid employment (because it would make it easier for many people to pursue full-time employment, part-time employment or self-employment and to seek further education or training). A Citizen's Income, by revitalising citizens' social rights, might also create a new sense of social identity.³⁸

d) A variety of citizenships

A dissenting note in the citizenship debate is struck by Iris Young, who worries about the homogenising effect of the citizenship idea. Her kind of citizenship is diverse, and includes "pride in group specificity against ideals of assimilation."³⁹

It is precisely this kind of citizenship which a Citizen's Income would encourage - because, unlike education or health care, the content of what is purchased with an income is not prescribed; because a Citizen's Income, by increasing an individual's liberty, would contribute both to social solidarity and to cultural diversity; and because by imposing no cultural norms (as Income Support and Tax Credit regulations do by assuming the financial dependence of one member of a married couple - or of a couple living together as husband and wife - on the other), a Citizen's Income would create a society in which different cultures and lifestyles can relate to one another on a more equal basis and thus contribute to social cohesion.

Another aspect of diverse citizenship is 'multiple citizenship'- for we all belong to particular groups, to institutions, to localities and to the nation state - and to all of them we give different kinds of loyalty. Similarly, we all belong to the Continent of Europe. At all of these levels we have citizenship rights and duties, so we are citizens at all of

these levels and not just at the level of the nation state.⁴⁰ It might therefore be appropriate to establish a Citizen's Income at more than one level - and particularly at the European level - in order to constitute a European citizenship and as a foundation for other rights and obligations which would contribute to that citizenship.

Conclusion

The Dahrendorf Report's verdict on a Citizen's Income is that it "has obvious attraction ... it would allow a consolidation of benefits for all, link them explicitly to people's status as citizens, and thus promote social cohesion."⁴¹

This paper has not solved the problems related to the concept of citizenship or those related to who should and who should not receive a Citizen's Income. It has however made some suggestions for further study, particularly in relation to the electoral register and to the kind of residence criterion which currently gives entitlement to Child Benefit. It is not its task to make a fundamental philosophical decision about how such vital questions should be answered, but clearly such a decision is required: Are we going to define citizenship and then include citizens on the electoral register and give them a Citizen's Income? Or are we going to decide who goes on the electoral register and who gets a Citizen's Income (and these might or might not be the same people) and then allow such decisions to determine the boundaries of a citizenry? The British constitutional tradition has tended to follow the latter path,⁴² and will probably continue to do so - which makes the decision as to who does and who does not receive a Citizen's Income a particularly important one.

'Citizenship' is a multifaceted concept, involving civil, political, social and economic rights and duties. A Citizen's Income would provide a good foundation for the exercise of those rights and duties, would itself contribute to the definition of citizenship, and would move us towards changed rights and responsibilities more in tune with a world of rapid economic and social change.

Notes

¹ *Chambers Twentieth Century Dictionary*.
² T.H. Marshall, *Citizenship and Social Class and Other Essays* (Cambridge University Press, 1950).
³ David Held, *Political Theory and the Modern State*, (Polity Press, 1984), see esp. 'Citizenship and Autonomy'.
⁴ *Ibid.*, p.203: "The study of citizenship has to concern itself with all those dimensions which allow or exclude the participation of people in the communities in which they live and the complex pattern of national and international relations and processes which cut across them."

⁵ David Purdy, 'Citizenship, Basic Income and Democracy', in *BIRG Bulletin*, no. 10, Autumn/Winter 1990, p.9.

⁶ Maurice Roche, *Rethinking Citizenship: Welfare Ideology and Change in Modern Society* (Polity Press, 1992), pp.4, 16, 167. See also Bill Jordan, Marcus Redley and Simon James, *Putting the Family First: Identity, Decisions, Citizenship* (UCL Press, 1994), p.205: a conclusion (based on interviews) that "there is ample evidence that respondents were aware of the changes from a social democratic polity, in which social rights to universalistic services formed one of the main elements of common membership, to a different kind of order, where families were required to provide more for their own from their private resources."

⁷ See Anna Coote, 'Social Rights and Responsibilities', *Soundings*, issue 2, Spring 1996, pp.203ff, for a contemporary discussion of the necessity of social rights if we are to exercise civil and political rights.

⁸ Since 1994, rights to Child Benefit have been restricted for those seeking asylum. Do this and other changes mean that Child Benefit is still a 'universal' benefit? And do they mean that Child Benefit remains a model for a Citizen's Income?

⁹ Michael Adler, 'The habitual residence test: a critical analysis', *Journal of Social Security Law*, issue no.4.

¹⁰ See Ian Culpit, *Welfare and Citizenship: Beyond the Crisis of the Welfare State* (SAGE, 1992), on the New Right's attack on both the rights and the duties of the welfare state.

¹¹ Barrie Sherman and Phil Jenkins, *Licensed to Work* (Cassell, 1995), p.57.

¹² *Ibid.*, pp.156ff.

¹³ H. van Gunsteren, 'Notes on a Theory of Citizenship', in P Birnbaum, J. Lively and G. Parry (eds.), *Democracy, Consensus and Social Contract* (Sage, 1978).

¹⁴ Brian Barry, 'The Welfare State versus the Relief of Poverty', in Alan Ware and Robert E. Goodin, *Needs and Welfare* (Sage, 1990), ch.5.

¹⁵ Fred Twine, *Citizenship and Social Rights: The Interdependence of Self and Society* (SAGE, 1994), p.97.

¹⁶ *Encouraging Citizenship: Report of the Commission on Citizenship* (HMSO, 1990).

¹⁷ *Ibid.*, p.xix.

¹⁸ *Ibid.*, p.21.

¹⁹ *Report on Wealth Creation and Social Cohesion in a Free Society* (The Commission on Wealth Creation and Social Cohesion, 1995) (the Dahrendorf Report), p.vii.

²⁰ Ruth Lister, in 'One step nearer to genuine citizenship: Reflections on the Commission on Social Justice Report', *Soundings*, Issue 2, Spring 1996, pp.193ff, suggests that duties are now higher on the agenda than rights, and that this diagnosis includes the Labour Party and the Commission on Social Justice's report. The Commission was concerned that a Citizen's Income is not sufficiently concerned with duties, and that this upset the reciprocity between rights and duties. If Lister is right, we might need to rebalance the relationship, and a Citizen's Income might contribute to this process.

²¹ Barrie Sherman and Phil Jenkins, *op. cit.*, pp.159ff; Maurice Roche, *op. cit.*, pp.178ff.

²² If we follow the Child Benefit precedent, the Citizen's Income for the child would be paid to the mother.

²³ There is now a substantial literature on various aspects of a Citizen's Income: Further details from the Citizen's Income Trust.

²⁴ Maurice Roche, *op. cit.*, pp.178ff.

²⁵ *Ibid.*, p. 185.

²⁶ Godfrey Hodgson, *The Electoral Register: A Squinting Eye to Democracy* (The Guardian/Charter 88, 1993).

²⁷ In his *The Common Good. Citizenship, Morality and Self-interest* (Basil Blackwell, 1989), Bill Jordan calls for active participation in decision-making as a vital component of the common good, and for institutions which will encourage this. He particularly mentions a Citizen's Income as an integrating instrument which "would include the underclass in the same form of citizenship shared by all, and allow them the same freedom to determine their own level of participation and the same economic incentives as the rest" (p. 124). It would encourage new forms of associations and new ways of creating public goods. We would add that this would particularly be true if receipt of a Citizen's Income encouraged inclusion in the electoral register, for it would actively involve people in decision-making. In this respect it would create a virtuous spiral, as opposed to the vicious spiral generated by the Community Charge, which had such a disastrous effect on democratic participation.

²⁸ In particular, the question of refugees will need to be tackled. It is unlikely that any government would allow those awaiting decisions on their refugee status to be entered on the electoral register, and recent legislation has restricted some applicants' rights to Income Support. There might well be groups of people not on the electoral register who ought to receive a Citizen's Income. Members of the House of Lords and those whose refugee status is still undetermined would be two such groups.

²⁹ Whether there is a civil liberties dimension to be debated is an open question. At present it is possible to choose not to be on the electoral register, and that decision has no implications for one's income. However, there would be no compulsion to receive a Citizen's Income or to be on the register, and some citizens might make this choice.

³⁰ i.e., on Child Benefit as it is currently constituted. See footnote no. 8 above.

³¹ Robert E. Goodin, *Reasons for Welfare: The Political Theory of the Welfare State* (Princeton University Press, 1988), p.85.

³² Ralf Dahrendorf, 'Citizenship and Beyond: The Social Dynamics of an Idea,' *Social Research*, vol.41, no.4, 1974, p.684.

³³ See Michael Novak, *The New Consensus on Family and Welfare* (American Enterprise Institute for Public Policy Research, 1987). This is a New Right and somewhat ideological treatment of the subject, but there is surely some truth in the view that where parents have more opportunity to fulfil their obligations to their family (in terms of both income and time available) the less the family's children are likely to end up in poverty. Novak recommends workfare (p.111). A Citizen's Income would have the same effect as workfare and none of the drawbacks.

³⁴ Brigid Reynolds, SM, and Sean Healy, SMA (eds.), *New Frontiers for Full Citizenship* (Conference of Major Religious Superiors (Ireland), 1993), p.8.

³⁵ An uncoupling already evidenced by the advent of the 'paid volunteer' whose work lies between the normal definitions of 'paid' and 'unpaid'. See Sarah Blacksell and David Phillips, *Paid to Volunteer: The extent of paying volunteers in the 1990s* (Volunteer Centre UK, 1994). During the 1990s 30% of the 625 voluntary groups surveyed paid some volunteers, and 3% of volunteers were paid. The report concluded that paying volunteers is often part of a transition to fully-paid posts.

³⁶ *Ibid.*, p.69. cf. Jacques Vilroxx, 'Basic Income, Citizenship and Solidarity: Towards a Dynamic for Social Renewal', in Harry Coenen and Peter Leisink, (eds.), *Work and Citizenship in the New Europe* (Edward Elgar, 1993). Vilroxx takes the extreme position that full citizenship is only possible when citizenship's link with the labour market is completely severed. This is unnecessary. It is quite sufficient to loosen the link so that the labour market becomes one component of the right to income, the right to work, and the right to social participation.

³⁷ Fred Twine, *op. cit.*, p. 167.

³⁸ See David Purdy, *op. cit.*, p. 13, on the ways in which a Citizen's Income might change the citizenship rights agenda.

³⁹ Iris Marion Young, 'Polity and Group Differences: A Critique of the Ideal of Universal Citizenship', *Ethics*, vol.99, no.2, 1989, p.251.

⁴⁰ On multiple citizenship see Charles Handy, *The Empty Raincoat. Making Sense of the Future* (Hutchinson, 1994), pp. 101ff.

⁴¹ *Report on Wealth Creation and Social Cohesion in a Free Society* (The Commission on Wealth Creation and Social Cohesion, 1995 - 'the Dahrendorf Report'), pp.86f.

⁴² See *Encouraging Citizenship: Report of the Commission on Citizenship* (HMSO, 1990), Appendix D, pp.63ff, by J.P. Gardner, on legislation relating to questions of citizenship. The author charts an evolutionary process of some complexity, particularly in relation to commonwealth citizenship. He identifies a general problem relating to obscurely drafted legislation. A Citizen's Income would be relatively simple to legislate, and would encourage a more general simplification of legislation relating to who is and who is not a citizen.

Reviews

Sabine Bernabè, *Informal Employment in Countries in Transition: A conceptual framework* (CASEpaper 56, Centre for Analysis of Social Exclusion, London School of Economics, April 2002).

The term 'informal sector' has been used to describe an extremely wide spectrum of activities, making it less than useful as a guide to policy development. This paper provides a conceptual framework within which to analyse different types of 'hidden' activities in order to design appropriate social, labour market, fiscal, and other policies. The author distinguishes between 'informal' activities (undertaken to 'meet basic needs'), 'underground' activities (deliberately concealed from the authorities), 'illegal' activities (generating goods and services forbidden by the law) and 'household' activities (producing goods and services for own-consumption).

But is it possible to distinguish sufficiently between 'informal' and 'underground' activities. Many activities, deliberately concealed from the authorities, are undertaken to meet basic needs. Bernabè recognises the importance of the overlaps between the different categories (on pages 37 and 38), but this particular overlap sector should have had a section of its own because of its size and because it has important policy implications different from those related to the informal sector and the underground sector.

Referring to Eastern European countries in transition, the author concludes: "Having established a framework for analysis, further research is now needed to assess the welfare and income-generating potential of household, informal, underground and illegal activities. This will help to determine which of these 'hidden' activities should be 'formalised', eradicated, permitted, or even encouraged. The most ambiguous of these questions will be how to address informal activities. The answer will largely depend on the extent to which they are found to provide a social safety net and undermine government revenue. It will also depend on their potential for growth and on whether they contribute to a loss of human capital by deskilling what is a relatively skilled and educated labour force. Answering these questions will assist the formulation of policies that effectively stimulate growth, reduce poverty and strengthen public finance and the rule of law."

In their book *Trapped in Poverty? Labour-market Decisions in Low-Income Households* by Bill Jordan, Simon James, Helen Kay and Marcus Redley

(Routledge, 1992) report research into the informal/underground economy of an Exeter housing estate. The discussion of the research findings leads the authors to suggest that a Citizen's Income would be a useful means of tackling "the particular combination of employment casualisation and benefit system failure" which they had found (p.139). It would be interesting to see a similar piece of work on a community in a country in transition, and to see whether discussion of the findings might lead to a similar conclusion.

Charles M.A. Clark, *The Basic Income Guarantee: ensuring progress and prosperity in the 21st century*, The Liffey Press, 2002, 147 pp., pb., 1 904148 07 7, np.

This book is one of the outcomes of a research project carried out by the Conference of Religious of Ireland (CORI) and the Citizen's Income Trust with the help of a research grant from the Joseph Rowntree Charitable Trust. This book relates to the situation in the Republic of Ireland: the other book resulting from the project, *Stumbling Towards Basic Income*, relates mainly to the UK, and is now back in print.

Clark discusses the global and Irish economic environments, the concept of a Basic Income (an unconditional, universal and tax-free income) and its advantages, the difficulties of employing market forces to achieve social justice, and the importance of non-market mechanisms for distributing the benefits of economic progress.

Most of the book is an explanation and discussion of just one possible Basic Income scheme: €43.17 per week to age 17, €109.20 per week for adults, €135.86 per week for 65 to 79 year olds, and €142.21 per week for the over-'80s, paid for by raising income tax to 47.14% on all income.

Looked at from a British perspective, this is a bold proposal. If instituted here it would take most individuals and families off means-tested benefits (including tax credits) and many families off housing and council tax benefits. It would enable considerable numbers of families to choose that one or both partners could be employed part-time, thus improving children's experience of parenting; it would enable unemployed people to take low-paying jobs and see considerable improvement in net income; and it would enable people on low incomes to see considerable net benefit from increases in earnings. But it would also impose a considerable tax burden on low-earners which would negate some of these effects.

The book continues with useful chapters on the improvements in economic competitiveness which would follow from the establishment of a Basic Income, on the greater flexibility a Basic Income would offer to the labour market, and on the redistributive effects.

A chapter follows on alternatives, such as a participation income, or a lower Basic Income. These are dismissed because they would not offer the benefits which the scheme discussed would offer. And such funding options as an environmental tax, a property and wealth tax, a Tobin tax (on currency speculation) and a BIT tax (on electronic information traffic) are discussed – but not a progressive income tax, which seems rather odd.

A final chapter compares CORI's criteria for a just benefits system (adequacy, guaranteed, eliminating poverty traps, etc.) with the goals of Ireland's National Economic and Social Council, and a good fit is found between them. A final section argues that Ireland can afford a Basic Income and that the effects would be advantageous.

We shall watch developments with interest.

Frank A. Cowell (ed.), *The Economics of Poverty and Inequality*, Edward Elgar, Cheltenham, 2003, 2 volumes, 1360 pp, hb, 1 84064 567 9, £340.

This magnificent collection is a must for every welfare economics and general economics library – it's only a pity that its price puts it out of reach of students of the economics of poverty and inequality.

The first volume opens with the editor's introduction on "the elements of the modern approach to inequality and poverty measurement [which] involves the definition of an income concept, an ethical or other basis for distributional comparisons and a set of assumptions or axioms which give meaning to an ordering or ranking principle" (p.xiii). The introduction is a model of clarity (as are the editor's lectures, which this reviewer once experienced), though a discussion of the meaning of 'welfare' would have been welcome, and a discussion of whether or not welfare can in principle be calculated would have been equally welcome. The paragraphs on 'welfare and inequality rankings' correctly recognise the diversity of possible meanings of 'welfare' – and in volume II Deaton and Muellbauer's paper 'On Measuring Child Costs' (vol. II, pp.317-341) recognises one particular difficulty with the concept of welfare:

"The measures in this paper tell us about the effects of children on adult welfare, but they do not tell us about the welfare levels of the children themselves. Indeed, we doubt that household expenditure data in anything like their traditional form can tell us very much about the relative welfare levels of adults and children. One possible assumption is that everyone in the household shares the same welfare level, and this would enable comparisons of welfare or inequality with individuals as the basis of analysis. However, there are cases in which such an assumption would be clearly inappropriate, for example, in societies in which women and children are treated as the chattels of a dominant male. In such a society, it might be argued that only adults or only males should count in analysing welfare" (vol. II, p.339).

Arguably, definitions of poverty rely on definitions of welfare, so to develop a robust definition of welfare is an essential task, and one to which the publisher might one day devote a volume.

The papers in this collection are divided into sections. In volume I: the welfare basis of distributional analysis, welfare and inequality rankings, inequality measurement, inequality - welfare approach, inequality – structure, multidimensional approaches, polarization, and horizontal equity. In volume II come sections on the poverty concept and the poverty line, on poverty measures, on poverty axioms and rankings, on welfare, inequality and needs, on relative deprivation, on progressivity, on dynamics (i.e., on entering and exiting poverty), on functional forms of income and wealth distribution, and on statistical issues.

There are historically important papers (such as Lorenz's 1905 'Methods of Measuring the Concentrations of Wealth' with its characteristic curves), numerous papers and chapters from 1970 onwards, and a few recent pieces (such as Vallentyne's 'Equality, Efficiency and the Priority of the Worse-off').

It is of course impossible to comment in detail in a short review such as this on the seventy-one papers included in these two volumes, except to say that they seem to this reviewer to address the important issues and to be precisely the kind of papers which a student of welfare economics will require. There is a name index, but not a subject index, which is a pity, as these two volumes will be a valuable resource for both students and their teachers and a subject index would have made the collection more usable.

Finally: congratulations to Professor Tony Atkinson on having the longest total index entry.