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### Citizen's Income Newsletter

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Citizen's Income Trust

P.O. Box 26586

London SE3 7WY

Tel: +44 (0) 20 8305 1222

Fax: +44 (0) 20 8305 1802

Email: [info@citizensincome.org](mailto:info@citizensincome.org)

Website: [www.citizensincome.org](http://www.citizensincome.org)

Registered charity no. 328198

Director: Malcolm Torry

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## Editorial

Whenever the political prospects for radical reform of tax and benefits are discussed, and particularly the likelihood of any reform which includes a Citizen's Income as a major constituent, it is always said: such radical reform could not be achieved within a single parliament so no government will ever even think about it. (The same comments are made about major transport infrastructure investment. No government

wants a future government of a different political hue to reap the rewards generated by current spending.)

A recent opinion poll might begin to change the tone of this debate. The Fabian Society and YouGov have recently conducted a poll amongst 2,506 electors and discovered that 54% want political parties to have policies which will do good in the long term and not just during the next year or two (a figure higher than for any other characteristic: only 13% of electors would support a political party because it had firm ideological principles).

This result suggests that parties in government will do themselves good rather than harm by pursuing policies which will benefit society in the longer term. So we look forward to the political agenda changing, and to priority being given to those longer-term issues which for too long have been neglected. In particular we would like to see a Royal Commission on the options available for tax and benefits reform. It will do the government no harm.

## Main article:

### The truth the tables tell

If you want to know what's going on in the world of benefits reform then there really is no substitute for obtaining a copy of the Tax Benefit Model Tables and spending a little time understanding the tables and graphs of this excellent annual publication. The April 2003 Tax Benefit Model Tables (Department for Work and Pensions, 2003) are particularly interesting because they show the full effect of the new tax credits regime. Disturbingly, they reveal deep and broad poverty traps which affect many types of family.

By the 'depth' of the poverty trap we mean the extent of the marginal deduction rate, i.e., the rate at which income is withdrawn for any particular level of earned income. So, to take the example below, a lone parent who is a private tenant and who has one child under 11 experiences a marginal deduction rate of 89.5% for any earned income within the range £126.44 to £321.81. By the 'breadth' of the poverty trap we mean the of earned incomes for which there is a high marginal deduction rate: so here the breadth of the poverty trap is defined by an earned income of £321.81 per week.

The table shows the situation quite graphically:

**Marginal Deduction Rates**

**Lone Parent with 1 child under 11 , Private Tenant**

Gross earnings £ per week	Event	Marginal Deduction Rates
21.89	Income reduces HB/CTB	85.0%
81.33	CTB disappears	65.0%
88.75	Tax payable at 10%	71.4%
89.00	NI becomes payable	72.4%
96.79	WTC reduced by pay	85.3%
126.44	Tax payable at 22%	89.5%
253.24	WTC disappears/CTC reduced by pay	89.5%
321.81	HB disappears	33.0% <sup>1</sup>
595.00	NI Upper Earnings Limit (UEL)	23.0%
675.29	Tax payable at 40%	41.0%
956.28	CTC family element reduced by pay	47.7%
1,104.34	CTC disappears	41.0%

HB = Housing Benefit  
 CTB = Council Tax Benefit  
 NI = National Insurance Contributions  
 WTC = Working Tax Credit  
 CTC = Child Tax Credit

What is most disturbing about the tables is that it is families with children which suffer the deepest and the broadest poverty traps. All families with children (whether with one parent or two) experience marginal deduction rates of over 60% on gross earnings at least up to £300 per week and often beyond £400 per week, and some family types experience marginal deduction rates of over 80% on gross earnings up to £300 per week. This situation makes it difficult for families with children to lift themselves out of poverty by earning more.

The detailed tables in the publication make it clear that the one benefit which both reduces child poverty and does not contribute to marginal deduction rates is Child Benefit. This is because Child Benefit is paid unconditionally, so to increase it is to reduce child poverty because 1) it increases the net income of families with children, and 2) it reduces the marginal deduction rates for families with children and thus enables families to lift themselves out of poverty by earning more.

The detailed tables make it equally clear that the major culprits in the deepening and broadening of poverty traps are Working Tax Credit and Child Tax Credit. Whilst the motives for their introduction were excellent (and they have indeed reduced poverty for many families with children), their long-term effects might be little short of disastrous because they make it very hard for families with children to earn their way out of poverty.

If the government were looking for a way to continue to reduce child poverty at the same time as increasing families' incentives to increase their net income by improving their skills and increasing earned income (good for them, and good for the economy), then the obvious way forwards would be to reduce tax credits and at the same time increase Child Benefit.

As Rosalind Capisarow suggests: "There is a huge market out there of between one and five million people who are stuck between the welfare system and private enterprise, with too much red tape and significant welfare disincentives to progress. We need to redesign the incentives so that the more effort people make the more advantaged they become." <sup>2</sup>

Malcolm Torry

<sup>1</sup> I have corrected a mistake at this point. The table in the publication has 70% here whereas the detailed tables show that it should read 33%

<sup>2</sup> Rosalind Capisarow, Chief Executive of Street (UK), a microfinance institution, in an interview reported in *Voluntary Sector*, June 2003, p.16.

**Response: Philip Vince's second thoughts on the report *Citizenship and a Citizen's Income***

In our last edition we published a report on *Citizenship and a Citizen's Income* in which the working party which prepared the report recommended that the electoral register might be used as the basis for entitlement to a Citizen's Income.

Philip Vince writes as follows:

There is no possibility that the electoral register will ever be complete enough to be the basis for entitlement to a Citizen's Income. Even though electors now have the option to be excluded from the edited version publicly available and to be included only in the full version to which access is restricted, many people still fail to register. This is a criminal offence, but it is

rarely, if ever, enforced. (Incidentally, some electoral registration officers have found ways of including people with no address).

The concept of finding out where everyone lives by canvassing from door to door is irremediably flawed. This is demonstrated by recent decennial censuses, in which it is estimated that several hundred thousand inhabitants (about 1% of the population) are unaccounted for. This has resulted in negotiations between the Office for National Statistics and local authorities to guess what is the real population of each area because central government financial support is determined by this. It is anarchic that the state does not know where so many of its inhabitants reside. There are a few people, such as women avoiding abusive ex-partners and witnesses threatened in some criminal cases, who are entitled to keep their addresses secret, but we must repudiate the notion of civil liberties zealots that there is a right to privacy about where one lives. I believe that in most other European countries there is better information provided to government about changes of address.

It is essential that the database of names and addresses of all residents is maintained continuously, not updated periodically like the electoral register. The social security database is the best source. For children under 16 omissions are likely to be negligible. For the adult population it may be less complete, even though it is now linked to the income tax database to enable tax credits to be paid. The introduction of a Citizen's Income could provide an incentive to anyone who has avoided a social security record to be included in future. However, payment will in most cases be made to bank accounts, so that arrangements would still be needed to ensure that all permanent changes of address were notified. When deaths are registered, the social security authorities have to be informed; maybe all permanent changes of address should be registered, with similar social security notification.

The requirement for recipients of Child Benefit to have been in the country for 26 weeks during the past year applies to the mother, so it is almost always satisfied from the date of the child's birth. It would not be sensible to require legitimate migrants to the UK to wait six months before they became entitled to a Citizen's Income.

The right to a Citizen's Income is linked to the duty to pay tax on all other income, and therefore ought to be paid to legally resident aliens as well as to those who have British nationality (unless they arrange to pay tax to their home country and not to the UK). There are

complex Inland Revenue rules about domicile and being ordinarily resident, and the rules about entitlement to a Citizen's Income, and indeed to citizenship, would need to be aligned with these (though they would not necessarily need to coincide with them).

The Citizen's Income regime includes the replacement of contributory retirement pensions by enhanced Citizen's Incomes for citizens above certain ages. However, it is reasonable that payment of these increases should be subject to residence for a minimum number of years, perhaps twenty, in the UK or in a country with which we have reciprocal arrangements. Conversely, we should pay Citizen's Incomes to any who meet the UK's residence requirements but have chosen to retire abroad in countries with which we do not at present have reciprocal arrangements.

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## Events

### **The Tenth Basic Income European Network Congress in Barcelona (19<sup>th</sup> and 20<sup>th</sup> September 2004)**

The Tenth Basic Income European Network Congress will be part of The Universal Forum of Cultures (9 May - 26 September 2004) in Barcelona. This massive event will take place on a new site currently under construction along the sea-front, to the East of the Olympic village, about 4 km from the city's old centre, with a good metro/bus/cyclepath connection. The initiative of the Forum was taken by Barcelona's city council and is expected to consist of an overlapping sequence of 44 congresses (the "Dialogues" section of the Forum), 24 exhibitions, 30 celebrations, 423 concerts, and 48 street shows. Five million visitors from across the world are expected over the four month period. The organisers describe the Forum's purpose as follows: "The profound changes wrought by the globalisation process have brought new challenges and opportunities which affect our present and shape our future. The Universal Forum of Cultures provides a meeting point and platform for dialogue, where people from the world over can come together to look for solutions and jointly tackle the questions addressed." The three focal themes of the forum are "Cultural diversity" ("constructive dialogue among different peoples"), "Sustainable development" ("new ways of growing that respect natural resources") and

"Conditions for peace" (especially "respect for other cultures and for the environment").

UNESCO is co-sponsoring the event, but the bulk of the funding is coming from the municipality of Barcelona, the autonomous region of Catalonia and Spain's central government. There will be a standard registration fee (in the range of EUR 60-80 for a four-day period) which would cover access to all Forum events, a public transport pass, lunches and coffee breaks. In addition, the Forum will organise accommodation at discount rates in a broad range of hotels and university residences.

The Dialogue on emerging rights (18-21 September 2004) will consist of five events under one general heading provisionally formulated as 'Human rights, emerging needs and new opportunities'. The BIEN congress will be one of these events under the provisional title 'Right to basic income: Egalitarian democracy'. The present plan is to have a part common to all five events, namely the first day and the morning of the fourth, with all participants of the separate events strongly encouraged to take part in this common part, whose exact content remains to be determined. The five separate events will take place on the second and third day (Sunday 19 and Monday 20 September). Simultaneous translation will be provided at the plenaries for Catalan, Spanish, English and French. The daily timetable for the sessions should be 9.30am to 1pm and 2pm to 5.30pm, with people free to spend their evenings attending other Forum events. BIEN's General Assembly should take place on the evening of Monday 20 September. A local event on basic income (in Catalan and Spanish, preferably in the city centre) is due to be organised just before, namely in the evening of Friday 17 September.

BIEN's two-day Congress will combine, as usual, plenary sessions with guest speakers (first morning and second afternoon) and parallel workshops with volunteered papers (first afternoon and second morning). The first session (Sunday morning) will consider issues of principle (two sub-themes are being explored: 'Family-friendly policy and parental wage' and 'Right to basic income and duty of reciprocity'), while the final session (Monday afternoon) will consider prospects for (important steps towards) basic income in the North and in the South.

For further information on the congress contact BIEN on [bien@basicincome.org](mailto:bien@basicincome.org) or contact the Citizen's Income Trust.

## Reviews

Jay Ginn, *Gender, Pensions and the Lifecourse*, The Policy Press, Bristol, 2003, 152pp, pb, 1 86134 337 X, £17.99, hb, 1 86134 338 8, £45.

There are many ways to slice analytically the pensions question; by slicing along the gender dimension the author has not only exposed the key debates around this particular variable but has thrown the whole messy area of pension reform into sharp relief. Much of the problem with the pension debate is, perhaps surprisingly, not ideological. Whatever side of the political spectrum protagonists come from they have similar desires to see reasonable income smoothing over a lifetime and that the measures taken to ensure this are efficient and, in some measure, equitable. While a lack of consensus on what constitutes 'equity' is one of life's political certainties, the pensions problem is racked with many more uncertainties than the average political battleground: the long time-horizon, the difficulties of balancing structural incentives with broader freedoms and the avoidance of crippling burdens on government. This latter especially, given the knowledge that the markets in this area are prone to failure, creates a complex series of interwoven problems. To sift through the multiple dimensions is not easy. To have the courage to de-emphasise some issues to achieve clarity and to guard the analytical capacity to aid understanding is a rare skill that is ably demonstrated in this book.

A great deal of the text and figures is given over to an efficient yet highly readable précis of the recent history and current state of the pension arena in the UK and, occasionally, other countries. This is far from being merely a quick rehash of old material, nor is it of limited use due to the focus on the gender dimension. There is a purposefulness and clarity about the material that is often missing in more general works. The tables are especially well presented with the complexity of the data and the referencing of sources being acknowledged but without becoming troubling or intrusive. Unlike many books of this kind it is well enough presented to 'dip into' with the attention being caught by well chosen and presented data that then lead on to a deeper analysis in the text.

Where the work really scores for me, as a student of political science and former policy maker, is in its head-on approach to the reality of problems. Thorny issues such as miss-selling, the systematic failure of private pensions for specific groups and the scale of

information failure are handled impressively. The issues are neither glossed over nor lingered on unnecessarily - they are given their place within the analysis and addressed in an illuminating manner. Direct criticism is rare and is reserved mainly for failures to take account of what should have been stunningly obvious at the time and not only in retrospect.

This book is for anyone who has an interest in the equity issues of pension reform, offering as it does not just a specific analysis on gender but a model for many analyses of a similar nature. The only people who might find they are skipping chapters are those who have read, inwardly digested and understood an impressive range of Organisation for Economic Co-operation and Development, Department of Work and Pensions and Office for National Statistics statistical publications – but it is to be hoped that even experts can appreciate new presentations and different emphases of such data.

The broad conclusion that emerges from the work is that policy makers must take notice of the gender issues. There have been major changes in social roles and labour market involvement for women both flowing upward from social change and imposed downward by evolving government policy, but what becomes clear in the final account is that the system that failed women of a previous generation will, even after reform, do no better in giving women the security in old age that all citizens deserve. Pension strategies across all spheres need to be examined and adapted so that tomorrow's generation of taxpayers will not have to pay for today's failures. Without action today such failures are fated to fall on the governments whose predecessors ignored them.

Stuart Astill, LSE.

Former economic advisor and policy analyst, Department of Work and Pensions.

Andrew Reeve and Andrew Williams (eds.), *Real Libertarianism Assessed: Political Theory after Van Parijs*, Palgrave Macmillan, London, 2002, 240pp, hb, 0333912675, £50.

This is a collection of essays discusses the political writings of Philippe Van Parijs, who is best known for his advocacy of basic income (BI) in *Real Freedom for All: What (if anything) can Justify Capitalism* (1995). Inspired by the works of Rawls and Dworkin, Van Parijs defines a philosophy which he calls 'real

libertarianism', which holds that the most just society is the one that maximizes the least advantaged individual's 'real freedom' — the freedom to do whatever he or she wants to do. Van Parijs argues that an unconditional basic income would maximize the real freedom of the least advantaged, and that the productivity of capitalism, harnessed to provide the highest sustainable basic income, could justify capitalism. Before reaching that conclusion he discusses the issue of whether basic income would exploit workers and how society should compensate for disadvantages such as handicaps.

The essays in *Real Libertarianism Assessed* provide a valuable and in-depth evaluation of Van Parijs's theories. All the authors agree about the quality and value of Van Parijs's work, although some disagree substantially with his conclusions and make important criticisms.

Cunliffe, Erreygers, and Van Trier trace the origins of the basic income idea to Joseph Charlier, writing as early as 1848, and Mabel Milner, Dennis Milner, and Bertram Pickard, writing in 1918-1920. These authors offered justifications for BI that differ substantially from Van Parijs's. They derived the right to BI from a right to use the land to produce one's own subsistence. Although equal claim to land as one of many "external assets" is important to Van Parijs, he explicitly rejects any justification for BI based on a need for subsistence.

Peter Vallentyne clarifies and criticizes Van Parijs's use of the principle of self-ownership, which Van Parijs uses in a much more limited way than traditional libertarians. Vallentyne believes Van Parijs is right to deny that self-ownership includes a right to appropriate natural resources, but that he goes too far when he denies that self-ownership includes the right to benefit from one's own brute luck advantages, such as being more physically able and therefore more productive.

Brian Barry, although a supporter of basic income, raises very difficult questions about Van Parijs's justification of it, the most difficult being that the concept of real freedom is too weak to justify basic income. According to Van Parijs, real freedom is the ability to do whatever one might want to do *regardless of whether one actually wants to do it*. Therefore, Barry argues, two different opportunity sets can only be ranked against each other if one dominates the other. That is, only if set A has all the available options in set B plus more, can we say that A has more real freedom than B. But imagine a society in which everyone faces the same budget constraint, and the

government wants to impose either a guaranteed job or a guaranteed income. Basic Income would give people some combinations of labour and leisure that would be unavailable with a guaranteed job, but the guaranteed job would probably also offer other combinations of labour and leisure that would be unavailable with a guaranteed income. Therefore neither of them necessarily has more real freedom than the other, making it extremely difficult to build a case for basic income from the point of view of maximizing real freedom.

Robert van der Veen responds to Barry's criticism by saying that in his example everyone faces the same budget constraint, and are all equal in terms of real freedom to begin with. This response is inadequate, however, because Van Parijs argues not that real freedom should be equalized, but that it should be as high as possible. Even though we can tell real freedom is equal in this community, we cannot tell whether this community has more real freedom with or without BI. Van der Veen goes on to argue that BI could offer more real freedom than a guaranteed job would, but that is an empirical question which is very difficult to answer conclusively using only deductive reasoning.

Arneson attacks BI's ability to deliver real freedom rather than real freedom's ability to justify a universal BI. As he puts it, "Making the BI grant as high as possible...would include...individuals who are above average in the real freedom they enjoy, but who happen to have a strong preference for leisure over income-generating activity. The redistribution policies that society establishes could do more to advance the real freedom of the least advantaged if they were better targeted at the least-advantaged." This is a question, I believe, which real libertarians will have a hard time answering.

Andrew Reeve and Stuart White are critical of basic income in general because they see it as potentially allowing non-workers to live off, and so exploit, workers. However, they both write chapters which are quite sympathetic to Van Parijs. Reeve questions van Parijs's inclusion of jobs as part of his list of "external assets that can be taxed without exploiting self-owning individuals," but he believes this argument only reduces the potential size of the basic income, not its validity. White's chapter promotes a principle of 'fair reciprocity' in which individuals owe society a productive contribution in exchange for a high minimum share in the social product. Basic income, he says, would allow a very important breach in this principle. People who live off a level of basic income

that requires effort on the part of others to sustain should feel obliged to fulfil a reciprocal obligation to contribute to that effort. BI does not hold people to that obligation. But he argues that it does have several reciprocity-enhancing effects on equal opportunity, enabling non-market contributions to the social product, the reduction of domestic abuse, improved job quality, and serving as a residual safeguard against brute luck disadvantage and market vulnerability. Thus, he concludes, a modified basic income such as a time-limited BI or a participation income combined with a basic capital grant could be part of a reciprocity-focused system.

Hillel Steiner focuses on the internationalization of real libertarian issues, and Thomas Cristiano writes on Van Parijs's theory of voting rights. In the concluding chapter Van Parijs directs his response mostly to these last critics.

Overall this book serves to examine critically the implications of real libertarianism laid out in *Real Freedom for All*, and is an essential read for anyone interested in the philosophical case for and against basic income.

Karl Widerquist, New York and Oxford

Stuart White, *The Civic Minimum: On the Rights and Obligations of Economic Citizenship*, Oxford University Press, Oxford, 2003, 300pp, hb, 0198295057, £25.

Stuart White, of the University of Oxford, is a rising star in political theory. Over the past eight years, he has written more than a half dozen articles on the "reciprocity objection" to basic income. Fair reciprocity, as White defines it, states that all those who enjoy a high minimum share of the benefits of social cooperation owe a corresponding obligation to contribute to that society in return (p.17). This point of view seems antithetical to basic income, but White is sympathetic to the arguments of basic income advocates, and he is concerned to find a policy that balances the concerns of both sides.

White's new book, *The Civic Minimum*, brings together many of the themes from his articles into a coherent theory of a social system, laying out the rights and obligations that follow from his theory of "justice as fair reciprocity." It is not a book about basic income but one in which the basic income debate features prominently in a discussion of how to organize an

economic system in accord with basic principles of justice. It manages to discuss these issues at a high level of political theory while still being compelling, interesting to read, and closely connected to the current policy debate.

Fair reciprocity, as defined by White, has three characteristics: First, citizens have social rights. Second, these rights are instrumental to a radically egalitarian distributive goal. Third, "Where these rights secure a citizen a sufficiently generous share of the social product, and sufficiently good opportunities for productive contribution, citizens have definite, and potentially enforceable, obligations to make a productive contribution to the community in return" (p.17). In its ideal form, fair reciprocity must be made in the context of institutions that fully correct for unequal access to the means of production and to inequalities of natural ability, but, as White recognizes, this is impossible to achieve fully. In its non-ideal form, fair reciprocity demands only that society satisfies a threshold of equal opportunity. It needs to eliminate the proletarian condition by minimizing class inequality and by ensuring that every citizen has access to jobs that give them above-poverty wages, opportunities for self-realization, and security against abuse and vulnerability (p.19). Where this threshold of basic fairness exists, citizens are obliged to reciprocate the benefits they get from society with a productive contribution in the form of socially desirable paid labour or at least some unpaid work such as care-giving (p.18). This obligation exists not only for recipients of government transfers but also for everyone who benefits from social cooperation, including those most advantaged in the market. It implies that there can be no work requirement unless all able-bodied people, both rich and poor, are equally held to it (pp.136-137).

White finds no strong moral case for a universal unconditional basic income (p.168), but he does find several strong instrumental (or practical) arguments for basic income even from the standpoint of fair reciprocity. First, the reduced need for workers to rely on their wages for day-to-day survival could improve the flexibility of the labour market, leading to higher levels of employment and increased employment opportunities for everyone. Second, basic income could function as a social wage for people who make productive contributions that aren't adequately compensated by society. Third, by making non-earning parents financially independent BI could reduce domestic exploitation and abuse. Fourth, basic income would put employers under pressure to improve job

quality, increasing opportunity for self-realization in work. Fifth, BI would function as a residual safeguard against significant brute luck disadvantage and market vulnerability which a non-ideal system of fair reciprocity might fail to eliminate (pp.166-168).

These last two practical arguments are, I believe, very much in tune with the reasons which lead many basic income supporters hold the position they do, and they are very closely connected with White's arguments for what constitutes non-ideal fair reciprocity. As he puts it, "Vulnerability arises from the pressing need to sell one's labour power. If, however, individuals have a source of income that is independent of the immediate sale of their labour power...they need not suffer the acute dependency, and corresponding loss of freedom, characteristic of the proletarian condition" (p.132).

However, White does not believe these arguments for basic income are decisive because there may be other policies that could achieve these goals without having the undesired effect on reciprocity (pp.169-170). He cites an excellent quote from Leonard Hobhouse: "It seems sometimes to be regarded as quite a providential arrangement that some should be born without the necessity of working for their own living so that they have leisure to impose this fundamental duty on others." Those who do not view this arrangement as providential tend to break off into two camps, those who want to relieve everyone of this duty to work and those who want to find a fair way to enforce the duty to work on rich and poor alike. White's book is largely an exploration of the second strategy.

White justifies his use of the second strategy by making several strong arguments that basic income supporters will find difficult to answer. Three of these stand out in importance. First, he argues that fair reciprocity follows from and encourages a belief in democratic mutual regard. If one group seems to benefit from the work of others without contributing themselves, they break the feelings of solidarity that make commitment to a generous social system possible.

Second, he argues that there is a direct connection between reciprocity and work, which has great intuitive appeal, and which is best summarized by a quote from a recent article:

"Imagine, for example, that we institute a 'social right' assuring all citizens of a decent minimum of income. If, as a citizen, I accept that there is such a right—and that it is an equal right held by all citizens, not merely a privilege peculiar to me—then I

must also accept that each citizen, myself included, has a correlative obligation to help sustain the scheme that will assure citizens of this level of income. ... If assuring citizens of this level of (real) income requires that work be done, then, as part of my obligation to help sustain the scheme for assuring citizens of this income, I surely have a prima facie obligation to share in this work.”<sup>1</sup>

Third, he criticizes those who argue that a justification for basic income can be built on the observation that much of the pay for jobs is actually a rent from either the imperfect market for those jobs or on the technology that mixes with labour. The “jobs as assets” argument was pivotal to Van Parijs’s influential case for the highest sustainable basic income, but White makes a strong rebuttal. True as it may be that part of the return to labour is a rent, he argues, output still requires work and it makes sense to divide the output amongst those who are willing to work. He uses an excellent example to illustrate his claim (161-162). He specifically applies this example to technological rent, but by analogy it demonstrates a weakness in the entire ‘jobs as assets’ argument. Two people are shipwrecked and spend a day swimming and unsuccessfully trying to catch fish with their hands. The next day they wash up on an island where a previous generation of inhabitants left an abundant supply of fishing equipment. One fishes all day. The other refuses to fish, but asks for half of the catch at the end of the day citing the fact that the entire catch is attributable to a rent on their joint property—the land and technology—without which her labour was useless. Such a claim is as obviously weak as it is obviously true. It is similarly weak for someone to claim the rental portion of the wages on jobs they refuse to perform. Van Parijs argues that society should be neutral between people with different preferences for labour, but White replies that neutrality does not trump other demands of justice, and that a preference for living off someone else’s efforts could be just such a preference (pp.158-159).

There are three general ways in which Basic Income supporters could answer White’s challenges. One is to argue that fair reciprocity is not an important principle of justice or at least that there are other principles of social justice that are more important. Another is to accept reciprocity as a value, but argue that it does not conflict with basic income because, for example, the case for basic income derived from the value of assets is stronger than the version of that argument he addresses in this book, or empirically that no one will

fail to contribute. A third response would be to accept the reciprocity principles which imply that everyone should work but to make the instrumental case for basic income strong enough to make it acceptable on balance despite its negative side-effects on reciprocity.

One instrumental argument against White’s case for enforced reciprocity is to note the huge complexity of the system he builds to combine the enforcement of reciprocity with concerns for fairness towards the people who are being held to that obligation. Reading through the book reveals an extremely long list of policies:

1. Some mechanism to ensure that private and public employment actually benefits society as a whole, or at least to ensure that people who perform such work do not benefit from a civic minimum (pp.98-108)
2. Legislation to establish a basic work expectation in terms of hours worked (p.114), which—if possible—should be higher for the more advantaged than for the less advantaged (p.116)
3. Legislation to stipulate that people work some minimum percentage of their peak-ability wage rate if possible (p.114), including people with significant non-labour income (pp.136-137), with exemptions for the handicapped and for care-givers (p.115)
4. A mechanism to oversee the unemployed to make sure that they prepare for and look for work (p.116)
5. A mechanism seriously to limit the returns to capital to the level that represents genuine sacrifice (pp.118-124)
6. A bill of rights for welfare recipients including a reasonable right of refusal of unacceptable work offers and guarantees that the work obligation will be productive and not punitive (pp.141-143)
7. A bill of rights for the children of welfare recipients so that they are not burdened by the sanctions to enforce their parents’ work obligations (144-145)
8. A time-limited basic income (pp.173-174)
9. An inheritance and gift tax on the part of a recipient at a very high rate, possible at 100% for transfers above a lifetime limit unless such



a level of taxation proved to be counter-productive (pp.180-186)

10. The wealth tax would be linked to a two-tier capital grant system including a "participation account," for which funds could be used only for purposes linked to productive contribution to the community such as education and setting up a business, and a "life account," which would essentially be a time-limited basic income (pp.191-192). The participation account would in turn require a regulatory body large enough to oversee how every citizen used these funds
11. Possibly a "community fund" in the form of collective share ownership to help finance the capital grant system (pp.197-199, 205)
12. In-work benefits for the low paid including a minimum wage and child-care subsidies (p.202)
13. Conditional but generous welfare programmes in the traditional welfare state mode (pp.203-204)
14. Equal opportunity programmes for education and anti-discrimination policies in the work force (p.204)
15. Possibly a childhood privilege tax-subsidy scheme (p.204)
16. Possibly an employer of last resort (p.205)
17. Possibly subsidies for temporary employees (p.205)
18. Possibly public pensions (p.205)

All of these programmes would be expensive. Most of them would require a large bureaucracy with a very large overhead cost, so that the taxes needed to support the system would be much greater than the benefits received by those in need. The complexity would also create obvious disadvantages in terms of transparency and understandability. Some of the policies (such as the requirement that even those who have saved a sufficient amount of money must work a set number of hours) seem unenforceable without a rather harsh regulatory system.

Compare White's proposal to Anthony Atkinson's basic income/flat tax proposal,<sup>2</sup> which would replace all these programs (except the equal opportunity provision) with *one* tax and *one* benefit in a system that would require minimal bureaucratic administration. The Civic Minimum is not a moderate

alternative to basic income but a far more radical restructuring of the entire economy.

The complexity is necessary to make sure that people at all points in the economic hierarchy follow the norm of fair reciprocity. Some restrictions are to make sure that recipients of public benefits fulfil their obligations, others are restrictions on people with higher incomes which are necessary because White recognizes that society cannot force the poor (through their vulnerable condition) to work for a system that is not fair to them. This turns out to be an enormous task requiring items 2, 3, 5, 9, and 10 on the list above. To build a system fair enough to demand such participation, he has to attempt to build capitalism without unearned income, if such an ambition is possible. White seems to admit that the confiscatory levels of income and capital taxes needed to assure that no one lives without work would be unsustainable, and we well have to accept that some wealthy people will live comfortably without working. If this is the correct interpretation, why then is it so important to make sure that not one recipient of transfers lives without working? Why does solidarity allow the better off to demand that every single able-bodied person on the minimum works, but solidarity does not allow those on the minimum to demand that every single person above the minimum works? If this is not the correct interpretation, are we really ready to accept the radical changes that would be necessary to ensure that our society has no people so rich that they need not work? Do we really know how to do that? For those of us who believe that the belief in "striking it rich" is the linchpin of capitalism, it does not even seem possible.

What do we get for all of this complexity? Apparently, the benefit appears to be that it allows society to exclude those few who don't meet their obligations of fairness. The system is nearly as universal as basic income; a relatively small number would be left out and only after many second chances. But what happens to them? White argues convincingly that the Civic Minimum is universal in the sense that there is *universal access* to it for people who are willing to fulfil their obligations (138). But, as extensive as White's policy prescriptions are, he does not answer the question of what to do with people who fall below the minimum; nor does he argue that there will be no such people. Should there be a sub-minimum for non-reciprocating indigents or should nonworking homeless people be left to fend for themselves somehow until they wise up and enter the system? He mentions an unconditional right to access to land but concludes that a case for unconditional benefits based

on it is incomplete (168), and I do not understand what he intends those who stand outside of the cooperative obligation to have. Basic income, by contrast, would pick these people up into its universal benefit. The fact that fair reciprocity can exclude people is supposed to be an advantage. Certainly, a society putting non-ideal fair reciprocity would have far fewer homeless than the present system, but is the great advantage of the civic minimum over basic income that when we pass beggars in the street, we will know that in the context of a basically fair though non-ideal system, there is an acceptable likelihood that they deserve to be beggars? Or should the already lengthy list of programs be enlarged to include the services for non-reciprocating indigents?

Karl Widerquist, New York and Oxford

**Notes:**

1. Van Parijs, P. (1995). *Real Freedom for All: What (If Anything) Can Justify Capitalism?* Oxford, Oxford University Press.
2. Atkinson, A. (1995). *Public Economics in Action: The Basic Income/Flat Tax Proposal.* Oxford, Clarendon Press.

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Atkinson, A. (1995). *Public Economics in Action: The Basic Income/Flat Tax Proposal.* Oxford, Clarendon Press.

Van Parijs, P. (1995). *Real Freedom for All: What (If Anything) Can Justify Capitalism?* Oxford, Oxford University Press.

White, S. (2003). *The Civic Minimum.* Oxford, Oxford University Press.

White, S. (2003). 'Fair Reciprocity and Basic Income'. *Real Libertarianism Assessed.* A. Reeve and A. Williams. New York, Palgrave MacMillan: pp.136-160.

Tony Fitzpatrick and Michael Cahill (eds.), *Environment and Welfare: Towards a Green Social Policy*, Palgrave Macmillan, Basingstoke, 2002, xii + 226 pp., hb., 0 333 91984 X, £45.00.

The editors' introduction debates the meaning of 'sustainability' and posits three possible ways in which demands and resources can be more evenly matched: "The first way (weak sustainability) is to expand the stock of resources. This can be done by replacing renewable resources, by substituting for non-renewable ones and by searching for technological solutions to depletion and pollution. A second way (strong sustainability) is to revise the demands that we make on the world so that, for instance we consume far less. So, rather than adapting the world to suit ourselves we

adapt ourselves to meet the finitude of nature. The third way (moderate sustainability) is to combine elements of those two approaches. Each of these implies a subtly different conception of sustainability" (p.3). The question follows: Are existing welfare systems compatible with any of these definitions? - for current welfare systems are based on the notion of economic growth and on productivist policies, and they themselves contribute to unsustainability; and the editors identify welfare systems' relationship to wage-earning as an important part of the problem. As Fitzpatrick and Cahill conclude: "Welfare states have developed in concert with an employment society" (p.9).

The following chapters offer a variety of perspectives on the relationship between ecological concerns and economic and welfare systems and their possible reform. John Barry suggests that the ethical basis for a sustainable society is already in place, and that what we need to do is put it into practice; Matthew Humphrey describes 'Green ideology' as "a full fledged, independent ideology" (p.59) with distinctive practical outcomes - such as a Basic Income; Michael Cahill stresses the importance of the local; Tim Jackson asks how we might get from where we are now to a more sustainable social policy without doing new damage along the way - for, whilst a recession would result in fewer natural resources being consumed, it would also cause social damage; Meg Huby concentrates on public utilities and government's role in her discussion of the sustainable use of resources; Colin Williams discusses Local Exchange and Trading Systems (LETS) and the social economy in general; and Adrian Little discusses a possible conflict between the rights-and-responsibilities argument for working time reductions and the responsibility-to-future-generations perspective of Green ideology.

Tony Fitzpatrick's first contribution is a more theoretical chapter on ecosocial welfare as a thought-experiment which goes beyond liberal democracy; his second is a thorough discussion of a Citizen's Income (called here a Basic Income). In many ways this is a summary of his excellent *Freedom and Security: An Introduction to the Basic Income Debate* (London: Macmillan 1999), but it is constructed around the reasons which Greens might offer for either supporting or opposing a Basic Income - for instance: a Basic Income "guarantees a minimum income for all and challenges the employment ethic, but it also seems to depend upon the ecologically very damaging activities to which Greens object" (p.150). The chapter

concludes with a call for Greens to mobilise behind short-term aims as well as long-term ones, and recommends that one of those short-term aims should be a Citizen's Income.

The book's final chapter is by James Robertson, who recommends eco-taxation as a means of funding a Citizen's Income, and recommends both eco-taxation and a Citizen's Income as means towards a more sustainable society.

This is a thought-provoking book, and should be read by anyone interested in a sustainable society – for in fact it is more about that than it is about welfare systems. The fact that a Citizen's Income is the subject-matter of one chapter and is given a thorough airing in three others speaks for itself. If the book's contributors had stuck more firmly to their brief of relating the environment to welfare, then we would have had a book at the heart of which would have been a strong argument for the Citizen's Income route to benefits reform.

Jonathan Bradshaw (ed.), *Children and Social Security*, Ashgate, Aldershot, 2003, 284 pp., hb., 0 7546 3164 8, £42.50.

This book originated as papers written for a Foundation for International Studies in Social Security Conference on Children in Social Security in 2001, and it is thoroughly international in its content. The first part contains international comparisons of child poverty: on why child poverty is higher in the US than in Europe; on the UK, and the importance of surveys of children's poverty as well as of family poverty; on Sweden, and the necessity of a spending-power measure of poverty when average income falls; and on Belgium, and the different ways in which family income can be measured.

The second part is on different cash benefit packages for children: in Anglo-American countries, and in New Zealand. A final chapter in this section studies cash benefits for children as inter-generational payments in a context of demographic change.

A third section is a miscellany entitled 'Other Aspects of Social Security Provision for Children'. Family obligations in Asia, the Child Support Agency in the UK and its equivalent in the USA, benefits for children and their carers in South Africa, the costs and benefits of childcare services in Switzerland, and the satisfaction levels of parents of children with disabilities, are all thoroughly discussed.

Conference papers are necessarily diverse, because their subject-matter reflects the interests of their authors and because conference organisers rarely exercise editorial control – and this collection is certainly diverse. Professor Bradshaw has provided an 'Introduction and Overview' at the beginning, and this provides a sense of cohesion. It might have been interesting if he had also supplied a concluding chapter suggesting, on the basis of the evidence contained in the papers, what kinds of benefit regime would be most likely to reduce child poverty. His views on the effects of higher rates of universal benefits (such as the UK's Child Benefit) would have been informative.

There is no index, which is a pity.

Frank Field, *Welfare Titans: How Lloyd George and Gordon Brown Compare, and other essays on welfare reform*, Civitas, London, 2002, 77 pp, pb, 1 903 386 20 9, £4.

Frank Field was Director of the Child Poverty Action Group and of the Low Pay Unit before becoming MP for Birkenhead in 1979. From 1997 to 1998 he was Minister for Welfare Reform, and before, during and after that brief spell in government he has tried and tried again to get social security reform further up the public agenda. His message has always been that means-testing is bad for people; and if you want to know why means-testing is bad for people, then read this book.

The chapter which will most interest readers of this Newsletter is chapter 4, entitled 'Lloyd George and Gordon Brown: How the Welfare Titans Compare'. The chapter is well summarised in the introductory essay, and it is worth quoting this summary at length:

"The fundamental difference between these major figures as Chancellors of the Exchequer derives from what they see as the goal of welfare reform. Gordon Brown has an essentially one-dimensional view where the object of his tax credit strategy is to increase the income of the poor. This is no mean objective.

"Its limitations, however, become quickly apparent as soon as Lloyd George's dual objectives in welfare reform are considered. Lloyd George shared Gordon Brown's objective of channelling more money to the poor. But of equal importance to Lloyd

George was the objective of combining increases of income for the poor with extending their freedom.

“Gordon Brown’s strategy achieves the opposite. Indeed, in a cruel paradox, the more money that goes to the poor by way of means-testing, the greater is the restriction on their freedom. Tax credits make it impossible for a growing army of individuals to improve their family’s income and well-being by working harder or longer or gaining additional qualifications” (pp.4f).

The chapter itself is a mine of historical and contemporary information and of relevant comment and is a powerful argument for work-incentives. Gordon Brown’s tax credits will provide such an incentive in the first year of the scheme – but, as Field correctly notes, “in welfare it is the long-term impact of policies which is of key importance” (p.54), and, with Brown’s system, “once a person is into the tax credit system, few will be able by their own efforts to escape” (p.57). Ironically, a new welfare dependency has been created by the government which said that it intended to end such dependency, and Brown has created a ceiling and not the kind of floor on which people can build, which Lloyd George created with his contributory pensions and Trade Union administered unemployment benefits.

Whilst chapter 4 is somewhat negative in tone, because it is an argument against means-testing rather than an argument for a solution, chapter 2 is more positive. It is equally against means-testing, and particularly against the pensioners’ minimum income guarantee (and now its replacement by a tax credit), but it also makes a recommendation: a stakeholder pension to which people have to contribute. Elsewhere, Field recommends that the value of tax credits should be frozen, tax rates reduced, and a higher state pension introduced, as a means of reducing people’s dependency on means-tested benefits, and he concludes: “That welfare reform has to be built so that it works with the grain of human nature – of directing self-interest so that it promotes work, savings and honesty – is a lesson which [he] thought had been learnt before Labour’s 1997 election win. That lesson will have to be learnt again, but this time in the wake of a collapsing tax credit system” (p.7). The argument clearly leads in the direction of universal benefits (for there can be no firmer ‘floor’ than automatic, nonwithdrawable benefits such as Child Benefit), but these don’t get a mention. This is a pity. If Field

doesn’t like this particular option for reducing the influence of means-testing then somewhere in a book like this he should at least have told us why he doesn’t like it.

There is some fascinating historical material in this short book, on education and health care as well as on income maintenance strategies, and there is some equally fascinating political theory, particularly relating to the freedom of the individual citizen. The Institute for the Study of Civil Society is to be commended for publishing this collection of lectures and papers, and Frank Field is to be congratulated for writing what’s in it. It’s only a pity that he didn’t remain a bit longer in government, and particularly that he wasn’t there long enough to prevent the extension of means-testing which tax credits represent.

Guy Palmer, Mohibur Rahman and Peter Kenway, *Monitoring poverty and social exclusion 2002*, Joseph Rowntree Foundation, 2002, 110 pp., pb., 1 85935 074 7, £16.95.

This is the Joseph Rowntree Foundation’s fifth annual report on levels of poverty and social exclusion in Great Britain. The report contains statistics related to fifty indicators covering income, health, education, employment and engagement in community activity. The first chapter contains pages on income measures, then come chapters on children, young adults, adults, and older people, and a final chapter on communities (with material on involvement in civic organisations, crime, proportions of households without insurance, etc.).

The income indicators show that there has been a small drop (of 300,000) between 1999/2000 and 2000/2001 in the number of people on incomes below 60% of median income, and that we are now back at the 1995/6 level. This is welcome. But at 12.9 million the figure is double what it was 20 years ago. (This rather suggests that the Foundation’s sister organisation, the Joseph Rowntree Charitable Trust, ought to replace its recently discontinued poverty programme with one aimed at long-term issues relating to income distribution).

As always, this report is highly informative, extremely clear and accessible, and of considerable practical value to policy-makers and all involved in policy debates.