Citizen's Income *newsletter*

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Editorial

The Child Poverty Action Group's recent publication *Poverty: the stats: Analysis of the latest poverty statistics in Great Britain* (April 2006) discusses definitions of poverty and different ways of measuring it and then in relation to these discusses the depth and persistence of income poverty, the groups most likely to be poor, and European comparisons. On the basis of the evidence CPAG then offers 'ten steps to a society free of child poverty', the third of which calls for an increase in the value of benefits for children. 'Child benefit, a near universal benefit, provides a well functioning mechanism that does not suffer the administrative or technical difficulties of child tax credit: it has a vital role in tackling child poverty. The element that is child benefit ought to be maximised and provides a key way to build a national consensus towards increasing the value of benefits to children' (p.18).

Contained in the Government's White Paper *Security in Retirement: Towards a new pensions system* (Department for Work and Pensions, May 2006) are proposals to link the Basic State Pension to earnings from 2012, to cut the number of years to qualify to thirty, to reform credits for carers, and to ensure that more women and new retirees receive the Basic State Pension. Over time these proposals, if enacted, and if plans for personal savings accounts have the hoped-for effects, then large numbers of people over a rising pensionable age should be removed from means-testing and the Basic State Pension will eventually behave rather like a Citizen's Pension, with very few people receiving less than the maximum amount – at which point the administratively efficient thing to do will be to turn it into a Citizen's Pension – an unconditional, nonwithdrawable income for every individual over pensionable age.

Policies designed to reduce child poverty by increasing Child Benefit and to prevent poverty in old age by turning the Basic State Pension into a Citizen's Pension will leave only working-age adults without a Citizen's Income.

News

Tax credits changes: HM Revenue and Customs has announced that the amount by which claimants' income can increase without affecting their tax credits award during the year has increased from £2,500 to £25,000.

The Citizen's Income Trust's essay competition for 2006: The assessors couldn't agree on which was the best of the two best essays submitted and so, with the trust's officers' permission, have awarded a prize of £300 each to two winning authors: Laura Bambrick, for her essay *Wollstonecraft's Dilemma: Is a Citizen's Income the Answer?* And Ian Orton, for his essay *Why we ought to listen to Bauman*. The first of these essays appears as the main article in this edition of the *Citizen's Income Newsletter*, and the second will appear in the final edition for this year. Our thanks for all those who entered the competition. There were some very good essays submitted.

A conference on Welfare Reform and Political Theory was held at the Department of Politics and International Relations at the University of Oxford on

Saturday 13th May 2006. Sessions on 'Welfare reform and the liberal tradition', 'Welfare reform and democratic citizenship' and 'Welfare reform, care work and mutuality' were followed by discussions of 'the deeper issues for politics and political theory' and 'the future of welfare reform in Britain', during which a Citizen's Income was discussed as an important possibility. Speakers included Lawrence Mead (New York University and advocate of Workfare), Julian Le Grand (London School of Economics), David Willetts MP and Malcolm Torry (Director, Citizen's Income Trust)

The Financial Times of the 21st April 2006 contained an article by Samuel Brittan on current discussion of a Citizen's Income in the USA, on Anne Miller's article in our last *Newsletter*, and on Lord Turner's wish to see the eventual shift of the Basic State Pension from a contribution-related payment to a universal residency-based Citizen's Pension.

The Joseph Rowntree Foundation has reported on a research project on child poverty in large families. The researchers found that 'the best outcome in terms of equity for large families is achieved by increasing Child Benefit to the same level per child and then increasing the benefit for the third and subsequent child by £20 per week. However, it would cost £3.39 billion. Lesser increases in Child Benefit for larger families achieve more modest reductions in the poverty rates but at lower costs.' The Foundaton recognizes that 'there are choices to be made between universal and selective policy measures. Improvements in Child Benefit for large families are expensive because they go to every large family whatever their income. Increasing Child Tax Credit for large families may concentrate extra help on those who need it most. However, Child Tax Credit suffers from non-take-up and such measures will also increase the poverty trap (high marginal tax rates as earnings rise).' http://www.jrf.org.uk/knowledge/findings/socialpolicy/0326.asp

The Joseph Rowntree Foundation has launched a new project to develop a minimum income standard for Britain. This brings together the expertise of the Family Budget Unit at the University of York and the Centre for Research in Social Policy at Loughborough University. Members of the public (including people on low incomes) will decide what goods and services different kinds of people need in order to participate in British society. Whatever tax and benefits reforms are considered in the future will clearly benefit from thorough research in this field.

Basic Income Studies is a new international journal of Citizen's Income research. The first issue is planned for June 2006. The journal will provide a forum for the discussion of theoretical issues and empirical research on the design and implementation of Citizen's Income schemes, and also aims to address broader questions regarding the future direction of universal welfare policy. For details see www.bepress.com/bis.

The tax and benefits models used by the OECD to calculate taxes, benefits and net incomes for a range of earnings levels and family situations are now available on their website: http://www.oecd.org/document/0/0,2340,en_2649_33933_34053248_1_1_1_1,00.html#models

Barriers to claiming Pension Credit are the subject of a research project reported by the Department for Work and Pensions on the 12th April 2006: 'The most common primary barrier was perceived ineligibility. Another primary barrier was concern among some people who thought they would be worse off if they claimed Pension Credit in addition to existing benefits. Assumptions about process related barriers, identified in previous research, dissuaded older people from making 'speculative' applications but most admitted that they would be prepared go through the application process if they knew they were eligible. Indeed those who had claimed had found the process to be more straightforward than they had anticipated before they claimed.'

Press

On the 1st June the *Financial Times* reported: 'The tax credits system came under renewed attack after fresh figures showed that for a second year running low-income families were overpaid by almost £2bn. Revenue & Customs revealed yesterday that almost 2m families received £1.8bn more than they were entitled to in 2004-05. Campaigners warned many would face hardship as they were forced to repay the money.

'The chancellor's £15bn-a-year scheme to top up the wages of the low-paid is intended to encourage the unemployed back into work and has been credited with reducing child poverty, but it has been plagued with computer problems, causing delays and errors in payment, and by a lack of communication between staff and claimants, many of whom find the system bewilderingly complex. Last year the parliamentary ombudsman condemned the automatic recovery of overpayments by reducing a claimant's tax credit with little or no notice as "systemic maladministration".

'Yesterday's data showed 44 per cent of the awards were either too low or too high, with the thousands of complaints flooding in to advice centres and MPs' surgeries suggesting the Revenue was struggling to cope. Although the Treasury welcomed a 20 per cent drop in the value of overpayments in 2004-05, the figures also showed that overpayments in 2003-04 were higher than previously recorded at £2.2bn rather than £1.9bn. The government assumes it will be unable to recover £1bn of the overpaid credits from 2003-04, with 150,000 payments written off by September 2005 due to official error.

'Critics say the fundamental problem is one of design rather than implementation. The child tax credit and working tax credit introduced in 2003 were conceived by the Treasury to rise and fall according to income, either month-by-month if claimants kept the Revenue informed of each change of circumstance, or at the end of the tax year. The Treasury argues that a flexible system is better able to help those whose incomes deteriorate during the year. But from the outset experts warned that it would impose a big administrative burden on the Revenue, with potentially large corrections to awards.

'Stephen Timms, chief secretary to the Treasury, said flexibility was a "great strength" of the current system, but added that the government would keep it "under review". However, David Laws, the Liberal Democrat work and pensions spokesman, said the system was "in chaos". Teething problems could not account for a second year of big overpayments, since the Revenue should be using more reliable income estimates than in 2003 and claimants should be more familiar with the system, he said.'

Main article

Wollstonecraft's Dilemma: Is a Citizen's Income the Answer?

By Laura Bambrick

Abstract

How should the state incorporate women into its policies? Should it recognise them as being different from men? Or should it treat them the same as men? This is Wollstonecraft's Dilemma. The male breadwinner welfare state encourages gender differences whereas the adult worker model adopts a gender-neutral approach. Relying on women's position in either the family or in the workforce as a conduit for promoting female welfare has had mixed results. Could a Citizen's Income (CI) improve on this? Commentators are divided. This paper presents these critiques in an attempt to ascertain the potential of a CI to resolve Wollstonecraft's Dilemma. It accepts that welfare models are designed to secure more than the right to work in the home or labour market. Accordingly, it considers the impact of a CI on each of the six normative reasons for providing welfare – to promote autonomy, social equality, social integration, social stability, and economic efficiency, as well as to prevent poverty – focusing on how this interplay might affect women's welfare in particular.

Introduction

Historical accounts of the role different social groups played in paving the way for the emergence of modern welfare states were slow to acknowledge women's contribution (see Bock and Thane 1991). Irrespective of this late start, a substantial body of work now exists documenting how women were instrumental in bringing about its existence. Despite their activism, when the battle to make the welfare state a reality was won women became the indirect recipients of its largesse while men were the primary beneficiaries. This was neither an accident nor a conspiracy. Instead, it stemmed from the division in opinion over women's position in society, with the split not neatly divided along gendered lines. That is, just as men lacked consensus on many aspects of the welfare state's nature, women too did not hold common views. On no other issue was this more evident than in how they wanted to be recognised by the state – as workers or as mothers, in other words the same as or different from men. A predicament Carol Pateman subsequently coined as *Wollstonecraft's Dilemma* (1992). For a host of reasons, it was the supporters of the latter stance who were victorious. Accordingly, welfare institutions came to view women to be primarily wives and mothers engaged in domestic duties and in contrast to men, who assumed the role of financial provider for their family.

The Scandinavian countries, in general, moved first and furthest away from this male breadwinner (MB) arrangement towards an adult worker (AW) model. In this approach to welfare delivery, both women and men are expected to participate in the labour market, and the institutional framework is structured to achieve this end. For instance, universal state-subsided child and eldercare services remove the obligation to care from the individual, while a large public sector provides employment opportunities, and, at the same time, tax individualisation increases the cost for a spouse to abstain from paid work. Hence, the dogma of differences in gender roles was replaced by one of sameness. Scandinavian welfare states are often considered to be the most female friendly regime, in part because of their own successes in improving women's social standing, but also as an outcome from the plethora of research that has since exposed the inadequacies of the MB system for women. That is, these studies have uncovered the hidden poverty of women in households where income is withheld from the family by the wage-earner (Daly 1992) and highlighted how a lack of access to resources keeps them trapped in abusive relationships (Charles 2000). They also found the gender division of labour ideology to limit the earning potential, career progression, and political advancement of those women who participated in paid work instead of or along with motherhood (Daly and Rake 2003). Furthermore, they show caring to be less valued than employment, in terms of either money or respect (Lister 2003), to name but a few of the adverse effects of the MB arrangement. Indeed, such are the achievements of the AW model, and compounded with changes in family compositions and labour market structures, that increasing the numbers of women in the workforce has become a priority of European social policy.

Nonetheless, caution is required before breathing a sigh of relief that applying an emphasis on female employment in the policies of member states will correct the unequal position of women across the EU. A large part of the Scandinavian success rests on the state's role as an employer and deliverer of services, in that it can ensure that standards are met – well-paid, flexible, permanent jobs as well as available, affordable, quality care provision. Many countries oppose this degree of state involvement, believing instead that the market or the family are more appropriate providers of these functions. When this position and the AW ideology are combined - the United States being the classic example – the risk of poverty for women, on average, intensifies. Expected to be both employee and carer pushes large numbers of them into part-time jobs, which are typically low-paid and insecure. In addition, although women in the Scandinavian AW system score higher on wellbeing indicators - representation in key areas of political and economic life, share of earned income, and level of employment - than women in other welfare state types, their ratings nevertheless remain lower than those of Scandinavian men (Human Development Index). Furthermore, research has shown that paid work, no matter how *useless* the enterprise, continues to be held in higher regard than unpaid care labour, however *useful* (Leira 2000).

The limitations with the role specialisation (i.e. women different to men) MB arrangement and the gender-neutral (i.e. women the same as men) AW model are, for some commentators, grounds for implementing a Citizen's Income (CI) – a regular, unconditional, flat payment, sufficient to cover basic needs, paid directly to each citizen, in place of current social security transfers and tax relief. As will be detailed below, not everyone is convinced of a CI's potential to safeguard women's welfare. Regardless of whether a CI would afford women the opportunity to be either an employee or carer, autonomy is just one goal of welfare states, which according to Robert Goodin (1988) has six commonly cited functions. Namely, promoting autonomy, social equality, social integration, social stability, and economic efficiency, as well as preventing poverty. Much has been written on the likely consequences of a CI, with many discussions addressing its impact on one or more of these objectives. This paper draws together these observations, presenting in the following six sections the critiques of CI's expected influence on each of the welfare state's priorities. More specifically, it focuses on the possible affect this interplay might have on women's welfare, in an effort to ascertain the ability of a CI to answer Wollstonecraft's Dilemma.

Promoting Autonomy

Autonomous individuals are those who are able to act in accordance with their own goals and interests. When people do not possess the resources to provide for their basic needs their actions will be driven by a need to 'secure the preconditions for their own continued survival' (Goodin et al 1999: 34). Consequently, they are not autonomous but are instead dependent on those who control their access to resources, and this dependency makes them susceptible to exploitation (Goodin 1988: 21).

The guaranteed income stream from a CI would mean that*:*

> [E]ach individual would have an independent income as the basis for negotiating a paid and unpaid work role – that no one could be coerced into a job or a domestic responsibility out of dependence on another for his or her basic resources (Jordan 1987: 160).

Women could choose to be primary caregivers while retaining financial independence and the protection this entails. Indeed, the benefit of a cash transfer free of a work-test would not be confined to women. All wage-labourers would be empowered to exit the labour market completely or to reduce the time they spend participating in it, according to their preference (Ackerman and Alstott 1999: 211). But, some argued that, because it is paid irrespective of a willingness to work, a CI would substitute one form of exploitation with another – it is 'a recipe for exploitation of the industrious by the lazy' (Elster 1987: 719). In response, it is proposed that the concept of work be broadened to include more than just wage labour, given that the majority of the voluntary unemployed are active in socially useful tasks (McKay 2001: 104-109) and that a small minority of 'free-riders' will exist with or without eligibility rules (Van Parijs 2000).

Conversely, a CI could be used to purchase services by women who want to move from caring into paid employment, thus liberating them to follow their ambitions (Walter 1989: 120). Elizabeth Anderson (2000) is unconvinced. Its flat-rate payments, she notes, fails to acknowledge that citizens with a disability and/or caring responsibilities require more assets to achieve the equivalent level of freedom enjoyed by those who have neither a disability nor dependents. Although children will be entitled to a CI, this observation does highlight the importance of the CI child-rate being sufficient to cover caring costs if mothers are to given a 'real choice between work inside or outside their home' (Robeyns 2000: 131). In addition, while purchasing power will improve with a CI there is no guarantee that the supply of services will meet the demand. Jane Lewis, (2004) warns that the 'neglect of service provision is likely to constrain women's choices' (p. 10). However, Tony Walters (1989) believes that the private market will respond adequately but Ingrid Robeyns (2000) recommends a complementary set of public childcare initiatives. Nevertheless, caring does not inevitably have to shift to either the market or the state. A CI would give full-time employees the opportunity to buy job-free time, thus creating a pool of potential (mostly male) carers within families and the community, and in turn, improving the current gender imbalance in caring.

A CI offers all citizens a choice in how they spend their time – caring, in employment or at leisure, without the threat of destitution and/or exploitation. Moreover, in placing this choice with individuals, Wollstonecraft's Dilemma becomes obsolete – women will be incorporated into the state on the basis of their citizenship alone; thereafter their role will be a private decision rather than a public issue.

Promoting Social Equality

For some an overriding benefit from a CI is that it offers recognition for care labour and to those who provide it. The introduction of this universal unconditional payment, Carol Pateman (2003) explains, would 'change women's standing as citizens since employment would be dethroned from its position as the only work that really counts' (p. 141). Others are less enthused. Caring, they claim, is not especially valued by a CI, since it is paid to all regardless of whether the recipient is caring or not (Lister 2003: 189). Nonetheless, an alternative caregiver allowance while specifically rewarding informal work is, as parental leave schemes internationally show, more likely to be claimed by females in heterosexual couples. A major contributory factor for this higher female take-up rate is that these allowances are not usually indexed to earnings - it costs more for men to abstain from paid work, because of their greater earning potential. Hence, caregiver allowances 'reinforces the view of such work as women's work and consolidates the gender division of domestic labour' (Fraser 1997: 58). Whereas a CI payment, albeit set at a flat-rate, is paid to each member of the family, and would cushion a drop in the total household income, thus allowing the main breadwinners (mostly male) to reduce their employment hours. The opportunity for men to spend more time caring and for women to pursue their career will be greater than is currently the case.

This optimistic assessment is questioned by Judith Carlson (1997) who concurs that a CI would allow shorter employment hours for men, but reasons that there is no guarantee that they will in turn use this job-free time to contribute to the unpaid labour in the household and community (p.8). And so, caring would be no less feminised under a CI than with a caregiver's allowance. In a similar vein, it is suggested that the option a CI offers to refuse employment is likely to be embraced more by women than men (Fitzpatrick 1999: 167). Ingrid Robeyns' (2000) warns against the negative consequences a weakening of women's attachment to the labour market would have for those women who retain a commitment to employment. Individual women, she concludes, will find it difficult to get hired, trained, or promoted because employers will be conscious of their propensity to withdraw from the workforce (p. 132). There is then the possibility that this would exacerbate the present gender imbalance in positions of authority, to the detriment of all women - advocates of women being more like men consider female participation in the public sphere to be instrumental in getting and keeping their concerns on the agenda. These arguments run counter to the emerging 'men-studies' literature, which suggest that men's work-centred behaviour is the result of the current work environment culture, fiscal considerations, social policies etc, as opposed to reflecting their preference (see Burgess and Graeme 2003).

Paying a CI irrespective of being in the workforce or outside of it will not in itself be enough to promote social equality. For this, it is vital that both women and men embrace its potential for adopting a work-care mix. While a CI does not address the female bias in care labour directly, it does strengthen the bargaining hand of men to care more and work less, and for women to do the contrary. In meeting this condition, the conundrum of how the state should incorporate women into its policies will be resolved. That is, it will no longer be necessary to conceptualise women according to how their work patterns deviate from or replicate those of men's when combining career and caring becomes the norm for *all*.

Promoting Social Integration / Avoiding Social Exclusion

What is implied by the term social exclusion is widely disputed. Despite differences in opinion, it is generally held to encapsulate more than just income poverty (Giddens 1998: 105). Burchardt et al. (2002) regard individuals to be socially excluded when they cannot partake in one or more of four 'key' social activities:

- Consumption – the capacity to purchase goods and services
- Production – participation in economically or socially valuable activities
- Political Engagement – involvement in local or national decision-making
- Social Interaction – integration with family, friends and community (p.31).

The more people are excluded from these realms, the less integrated a society will be, and the greater the likelihood of civil unrest.

Tony Atkinson (1995) notes that one of the reasons why a CI 'enjoys support from a wide constituency' is that it is viewed as a means of preventing social exclusion (p.75). For example, an independent income for women is shown to be an effective measure in alleviating child poverty, because mothers spend a greater proportion of their income on their children, relative to fathers (Pahl 1989: 171). Tackling child poverty reduces the risk of children partaking in the types of behaviour - low education attainment, crime, early parenthood, etc that contributes to exclusion continuing into adulthood (Kiernan 2002: 96). Furthermore, a CI would provide the 'material basis for effective political participation'. Guaranteed an income, citizens would have the time to be politically active – 'from running for candidate, over working in party offices to canvassing the streets on behalf of political candidates' (Dowding, De Wispelaere and White 2003: 16). The same would be true for greater involvement in family and community activities, so increasing social interaction.

Yet, a significant weakness with a CI as an instrument for promoting social inclusion is that 'benefits based on citizenship can provide the basis for exclusion of non-citizens' and that such policies 'have been recognized as being ill-equipped to deal with an age of large-scale and heterogeneous migratory movements' (Kofman et al 2000: 144 and 77). The over-representation of women entering countries through family reunions, a proviso of which in many states is no recourse to public funds, makes this shortcoming more pertinent for women. In addition to issues surrounding entitlement, it is argued that 'simply being given cash does not by itself make someone part of mainstream society' (Hill 2002: 227). A CI provides the means but it will be each citizen's responsibility to grasp the opportunity their payment affords them to be socially active.

Some commentators contend that social exclusion will be best countered through the integration of both women and men into paid work, i.e. making women like men (see The Commission for Social Justice 1994). Others regard changing work patterns, e.g. female employment, as contributing to the demise of social networks (see Putnam 2000). A CI offers a solution complimentary to these diverging opinions. It allows for greater numbers to participate in paid work and to reduce the time they spend therein. Moreover, both women and men will be in a position to partake in public and private, local and national, social and economic social activities. No realm will be the preserve of a particular sex, as has previously been the case.

Promoting Social Stability

Families are considered to be an essential component for the successful functioning of society (Davidoff et al, 1999: 20-21). The household neutrality feature of a CI – it is paid to individuals irrespective of their living arrangement - is regarded by some to be family friendly (Fitzpatrick 1999: 86). That is, unlike current welfare payments in many countries, the CI would not cease should a lone mother cohabit with a man. While this could assist two-adult families to form, it simultaneously could prevent others from splitting. A CI paid at a flat-rate, rather than proportionate to total household income, could make it economically unfeasible for those in unsatisfactory relationships to separate:

It would reverse the clock to before the days when social assistance bailed out the divorcee, and the natural financial penalty of turning one household into two would once again operate (Walter 1989: 125).

While removing the ability to separate might appeal to those who are eager to preserve the traditional family unit, it is nevertheless questionable as to how stable a society would be if sectors of the community feel that their living arrangements are being forced upon them. On the contrary, Patricia Morgan (1996) insists that by focussing on individual rights a CI undermines the factors that bind families:

> Where the mother has her [CI], the child has its [CI], and the man has his [CI]…there is no onus on anybody to share or provide for anybody else. This policy therefore, undermines mutual support and interdependence (p. 44).

Aside from the desire to safeguard family units as a means of maintaining social stability in the present, encouraging women to have more children, as a way of ensuring societies will continue in to the future, is a goal of many nations. Since the mid 1980s, fertility has fallen below generation replacement rates in the majority of industrialised countries (Sleebos 2003: 13). A CI could help improve fertility rates in a number of ways. Firstly, it offers young adults who are unemployed, underemployed or low-paid the financial support Gosta Esping-Andersen (1999) identifies as crucial for enabling them to establish independent households sooner, so that they can have longer childbearing years together (69-70). Secondly, because a CI does not discriminate on age – it would be paid from birth, the cost of children would be lower. Thirdly, the reduction in the reliance on waged work increases men's opportunity to contribute more time to household tasks which research shows to increase the odds of a second birth (Prince-Cooke 2005: 24). Ultimately, a CI's potential to raise fertility is endorsed by the analysis undertaken by Sala-i-Martin and Subramanian (2003), on behalf of the IMF. They conclude that this effect is one reason why a CI is unsuitable for developing countries concerned with reducing birth rates. If so, then it might equally reconcile the birth deficit in Western nations.

While a CI appears to be an amenable policy for encouraging fertility it remains uncertain what effect its household neutral feature will have on the two-adult family – expanding the numbers or adding to its demise. It is worth noting that families do not have to be of the traditional variety for society to reap the benefits. Indeed, the nuclear family is believed by some to be detrimental to female wellbeing (see Barrett and McIntosh 1982). With a CI, groups of individuals could form families and enjoy the benefits of economies of scales without anyone having to surrender their statutory payments, as is currently the case in many states when a member of the household is deemed to be earning sufficient funds to support non-earning members.

Promoting Economic Efficiency

A healthy economy is widely held to be a prerequisite for advancing human welfare. As such, it is imperative that the economy is supported in ways that enable it to operate efficiently. The concern of a high volume of the CI literature is with its expected influence on productivity. For some, Claus Offe (1992) observes, the preoccupation is with the 'work-shyness' they fear an unconditional CI will encourage (p. 75). In contrast, others insist that a preference for employment would continue, because a CI, while being sufficient for subsistence, would be moderate (Janson 2000: 10). Also, since it would not be withdrawn from those who accept a job, barriers such as poverty and employment traps would be removed. It is further proposed that, in providing for basic needs a CI 'has a direct wage subsidizing effect'. Employers could create more jobs since work currently left undone because it costs more to do than it is worth would become viable (van der Veen 2003: 168). In addition, individuals might use the income security to establish their own business venture or as an opportunity to acquire new skills (van der Veen 2003: 168). Thus, workers could move from work to education and back to work many times during their working life – a vital requirement in today's knowledge-based economy (Van Parijs 2002: 357).

While it is argued that the CI will not have a negative effect on the economy overall, it is conceded that women with dependents will be particularly susceptible should a corresponding flat-rate tax be implemented, as is popularly recommended, to fund a CI (Clark 2002: 20). Currently, the earnings of many part-time workers, the majority of whom are women in all European countries, are exempt from tax and social security contributions. If all additional income is taxable at a uniform rate this could possibly lead to them exiting the labour market completely, or conspiring with employers in not declaring their earnings to the tax authorities. In the latter situation, the revenue pool for funding a CI would be smaller and so the tax-rate would be higher than necessary. Moreover, women would be unprotected by employment legislation in the black economy and a worsening of their employment conditions is highly probable. Nonetheless, Tony Walter (1989) believes that the inclusion of women into the tax system is an important component in advancing gender equality in the workplace (p. 122). In the former scenario, this would cause a decline in the size of the workforce, and would subsequently inflate the price of wages. Yet, it is reasoned that even if the fall in the female labour supply were significant this would not damage economic efficiency, as the majority would inevitably move into the social economy. As Allan Sheahen (2003) points out:

> [W]hat is work? Just a Job? Or anything that's productive? Is a volunteer at a hospital less productive than the same person on an assembly line? Is a mother caring for her children at home less productive than if she were flipping burgers at McDonald's? (p.8).

Through making caring and participation in the social sphere affordable, society as a whole would benefit and economic efficiency would not be constrained by a CI. But if, as a consequence of the funding mechanism, paid work becomes an unattractive option for women this could reinforce the sexual division of labour – women over-represented in the social economy and men in the market economy. Women would be different from men. While providing a solution to Wollstonecraft's Dilemma this, as mentioned above, will not necessarily be good for women's overall welfare. It is therefore imperative that taxes other than a flat-rate income tax be used as the main source of funding (see McGuire 2006) in order to avoid this adverse effect.

Preventing Poverty

In the 1970s, feminist researchers began to investigate the gendered dimension of poverty. Along with many others, Glendinning and Millar (1987) found that 'poverty is not gender-neutral. Whether they are young or old, living with or without men, caring for children or other dependants, women are more likely than men to be poor' (p. 3).

Hermione Parker (1993) contends that a CI 'could be reasonably expected to redistribute income from men to women' (p. 63). For example, a CI paid directly to spouses, rather than as an adult-dependent benefit payment or tax credit, would 'transform the dependent wife into a woman of independent means' (Walter 1989: 117), which in turn reduces the risk of poverty within families for women working fulltime in the home. Nevertheless, if the obstacles to female employment are not addressed (the imbalance in domestic and care labour) men could receive their CI while continuing to engage in paid employment. As Judith Carlson (1997) points out 'the [CI] could become a minimum income for men (a floor on which they can build) and a maximum income for women (a ceiling above which they find it extremely difficult to rise)' (p. 9).

But, even if all women were to become like men – i.e. workers - employment is no longer as effective in combating poverty as it once was. Full-time, life-long employment and the income security it entails is on the decline while part-time stop-gap jobs and precarious earnings are becoming more common (McKay 2001: 101). As such, the working poor population is big and growing – those whose earnings are inadequate to meet their needs (Standing 1992: 52). It is suggested that a CI would benefit the unemployed, underemployed and low-paid (Van Parijs 1996: 65), in acting as a safety net during unemployment spells and supplementing the earnings of part-time and low-paid workers (see Widerquist and Lewis 2006). This would be particularly valuable to women since they are the majority of part-time employees and tend to be concentrated in jobs that are synonymous with low pay (McKay 2001: 102). This optimism is contested. Firstly, employers could use a CI as justification for cutting wages - the basic needs of the workforce would be provided for through their CI, therefore employers would no longer have to provide a living wage (Clark 2002: 20). Although, if this proved to be the case then minimum wage legislation could be enforced alongside a CI. Secondly, because of its unconditional nature 'even Bill Gates would receive his monthly [CI] cheque'. However, the ending of tax relief would ensure that Bill Gates and his ilk would also pay more taxes than they currently do (Block 2000: 1).

Paying a CI to individuals, as a means of tackling poverty, would provide all citizens with direct access to the resources to meet their basic needs whatever their connection to the labour market. Nonetheless, in western societies the concern is less with absolute poverty – providing the essentials for survival – and more on relative poverty – closing the income gap between individuals and groups. How effective a CI will be in closing the gender earnings gap will depend on the extent to which the payments are used by men to undertake more caring work and by women to participate more in paid labour.

Conclusion

Both the MB and AW models take masculine work patterns (continuous full-time employment) as their reference point. In the MB arrangement women are viewed as *different from men* – carers as opposed to workers, while in the AW welfare state women are encouraged to behave the *same as men* – workers. Fewer women than men fit exclusively into either category, and less so over time. Rather, large numbers combine the breadwinner and caregiver roles. A CI extends the opportunity to make this work-care mix the norm for men as well as women. Should this opportunity be seized, Wollstonecraft's dilemma of how the state should incorporate women into its policies would be resolved. That is, no longer will it have to integrate women according to how their behaviour relates to that of men, since men will now be in a position to behave the *same as women.* Moreover, in achieving this fusion of gender roles into one worker-carer category, women's overall wellbeing, as measured against Goodins six welfare functions, need not be compromised.

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Reviews

Ramon Gomez-Salvador, Ana Lamo, Barbara Petrongolo, Melanie Ward and Etienne Wasmer (eds.), *Labour Supply and Incentives to Work in Europe*, Edward Elgar Publishing, 2005, 412 pages, hb, 1 84542 129 9, £75

Most of *Labour Supply and Incentives to Work in Europe* consists of a collection of articles dealing with specific aspects of labour market participation and labour market institutions. Resulting from a workshop put together by the European Central Bank and the Centre for Economic Policy Research, the analyses presented in a book take (as one would expect) a mostly neoclassical approach to these issues. The book is divided in four parts, with the first three consisting of the aforementioned articles on specific issues of labour supply in Europe and the last part devoted to a panel discussion of labour markets in the enlarged European Union.

The theme of incentives to work is the focus of Part I. Bridgen and Thomas put forward a matching model of the labour market that distinguishes between high effort job searchers (which are 'unemployed' when they do not have a job) and low effort job searchers (which are simply 'inactive' when non-employed). Each group of individuals is then modeled as having different but interdependent wage rates (resulting from the assumption that firms can identify and discriminate between the two types of agents). Some interesting conclusions are derived from this model, namely on the significant relevance of unemployment and inactivity benefits. These results may have important implications for basic income proposals, as a substantial increase in benefits available to low effort job searchers (not covered by unemployment benefits but which would obviously be covered by a universal basic income) could have a very significant impact on their labour market participation, with the consequent macroeconomic impact.

Also interesting is the assessment of the effects of taxation on work activity, industry mix and shadow economy activities carried out by Davis and Henrekson. They find a strong and persistent relation between higher tax rates (on consumption and labour income) and a smaller proportion of time dedicated to market activities. They also find that higher taxes are associated with larger shadow economies and smaller value added and employment shares of low wage industries. The general direction of the results is unsurprising since it would be expected from economic theory that higher tax rates negatively impact on participation rates and low wage industries and provide an incentive to the growth of the underground economy, but the magnitude of some effects is noteworthy (e.g. 'a unit standard deviation tax hike of 12.8 percentage points leads to (…) a 4.9 percentage point drop in the employment-population ratio' [p. 89]). Although those relations would possibly be harder to measure it would be interesting to study the effects of higher capital taxes on the same output variables. By reducing the expected after-tax returns on investment, higher rates on capital tend to discourage capital accumulation and, consequently, reduce the demand for labour. Most importantly for patterns of labour market participation, higher taxes on capital may slow down the creation of higher-paying and more attractive jobs. This issue is also central for active labour market policies (ALMPs), such as the Italian tax credit analysed in Chapter 6. Unless such measures are financed by a reduction of public expenditure in other areas they will require higher taxation in other sectors. Consequently, even if ALMPs are considered effective means of increasing labour participation (as Cipollone *et al* argue in the Italian tax credits case study), their overall impact also includes the (supposedly negative) effects on the sectors where the costs are imposed. What is seen (the increase in participation of eligible individuals) must be balanced with that which is not seen (the negative effects on the sectors which are subjected to increased taxation).

The second part of the book (where the aforementioned Chapter 6 is included) deals with several specific factors affecting labour market participation. Two chapters are devoted to the evolution and determinants of labour supply by women while Chapter 5 (Genre *et al*) analyses labour market participation by employing a wide range of economic and institutional factors as variables at country-level. Of particular interest may be the finding that labour market rigidity negatively affects the participation rate of most groups with the significant exception of men aged 25 to 54, who supposedly have the greatest power in shaping those rigid institutions.

The expansion of part-time, temporary and other alternative forms of employment has been a response to changing economic, social and technological conditions in Europe since the mid-1970s, as well as a way to circumvent rigid regulation of permanent contracts. The two articles in the third part of the book deal with these new forms of employment relationships, focusing specifically on the advantages and risks of part-time and fixed-term contracts.

One important question that remains unaddressed is that of arguing why the labour participation objectives set in the Lisbon Agenda are worthy goals in the first place. Why is it necessarily 'progress' to converge to a 70 per cent employment rate (60 percent for women and 50 percent for older workers)? There are of course obvious financial reasons related to the sustainability of social security systems and economic reasons related to growth, but the question is a relevant one if we consider that increasing participation rates are not the only potential solution to these problems. Since leisure is presumably valued positively by individuals and non-market activities can also be 'productive' in a broader sense, it would be advisable to have some in-depth discussion of the defensibility of the participation rate goals that underlie most of the analyses carried out in the book. One alternative would be simply to present the Lisbon objectives as politically determined external goals to which labour market policies should adjust, but that appears to be a quite limiting perspective for a global understanding of the issues involved.

Overall, while competently delivered and offering useful insights on the effects of specific factors on labour supply, the articles are somewhat limited by the neoclassical approach adopted. The advantages in terms of clarity for the analysis of specific relations in given contexts are counter-balanced by the lack of an overall perspective that goes beyond the neoclassical labour economics approach, an issue that even the more general discussion in the fourth part (dealing mainly with the effects of monetary integration and EU enlargement) also fails to address. It is perhaps unfair to point out as a fault in a book on labour economics that it fails to go beyond the boundaries of labour economics, but one cannot help feeling that all the analyses conducted are left to some extent in a vacuum due to the lack of a more comprehensive framing in terms of political economy.

The book contains several good exercises in neoclassical analysis of labour markets as well as a range of useful data. However, many important questions necessarily cannot be tackled by this sort of approach and while the articles contain many worthwhile insights, a more integrated and interdisciplinary approach would appear to be required for a better overall understanding of the issues involved.

Andre Alves

Frances McGinnity, *Welfare for the Unemployed in Britain and Germany: Who benefits ?*, Edward Elgar, 2004, 240 pp, hardback, 1 84376 220 X, £55

During the twentieth century, different nation states built very different welfare states, and this book is an exploration of the different provisions made for the unemployed in Germany and Britain. The author notes persistent controversy over whether payments should be low and short-term (in order not to damage employment incentives) or high and long-term (in order to prevent deprivation). 'Broadly speaking, the German welfare state views unemployment as a risk that individuals insure themselves against, with the state administering the insurance and treating the unemployed according to their employment record. In Britain, by contrast, the principle of poverty alleviation provides the basis for compensating the unemployed. Benefits for the unemployed are primarily means-tested in Britain, and these are not based on contributions' (p.2).

In order to study the consequences of the difference the author uses longitudinal data from large representative panel surveys (- longitudinal data because this enables unemployment to be studied as a process rather than as a state), and she categorizes welfare provision using Gallie and Paugam's work on 'the degree of coverage, including the balance, between insurance and means-tested benefits; the level of financial compensation; and the extent of active labour market programmes' (p.11f), leading to four categories: the sub-protective, the liberal/minimal, the employment-centred and the universalistic (p.12). McGinnity also distinguishes clearly between means-tested and insurance benefits and discusses the pros and cons of both, and recognises that a more rigid labour market is partly a function of the welfare system, meaning that the welfare system might reduce welfare by making unemployment more frequent and/or of longer duration.

There are chapters on the labour markets and unemployment in Britain and Germany (but only up to the mid-1990s), on the development of benefits for the unemployed, on income poverty amongst the unemployed, on the process of escape from unemployment, and on the effect of a household member's unemployment on the labour market participation of other household members. The final chapter repeats the conclusions of the previous chapters and concludes that 'other institutions also matter, especially the family and the market' (p.177). Interestingly, McGinnity finds 'a limited effect of receipt of benefit on the duration of unemployment in Britain, and no such effect in Germany' (p.179) – but she does find that 'in Britain women are less likely to move into part-time work when the husband is receiving means-tested benefits' (p.180) – a problem which does not arise with insurance benefits.

The author suggests that a limitation of much research, including her own, is that it treats welfare regimes as static systems, whereas in fact they are constantly changing. To map the changes against the longitudinal data (and against the new longitudinal data that would be needed) would be instructive, for it would provide comparisons more related to a real world in which change is ubiquitous. But for the time being, she concludes that in Britain the 'unintended consequences of means-testing' (p.185) – and particularly the consequence that means-tested benefits discourage the partner of someone unemployed from seeking part-time employment – need attention; and she suggests that in Germany the coverage of insurance benefits should be extended, though she also recognises that if contributions are imputed to too many people who are not paying contributions (such as those caring for children) then those actually paying contributions might lose confidence in the system.