Citizen's Income *newsletter*

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Editorial

Private Eye

We couldn't resist a recent news item:

> Gordon Brown's tax credit policy isn't just driving claimants mad: it's thrown his own staff into a state of gibbering confusion too.
>
> After reporting changes in her childcare arrangements, one *Eye* reader had the temerity to question a demand for repayment of a tax credit overpayment. Not only did HM Revenue and Customs customer support unit respond that 'it is not possible to explain how the figure of [£x] per week was calculated', but she was also told the demand would stand as 'we do not think it was reasonable for you to expect that your payments were correct.'
>
> Quite right, too. Anyone who knows anything about tax credits would never believe they were being paid the right amount ... (*Private Eye*, September 2006)

The serious point being made of course is that the greater the complexity of a tax and benefits system, the greater the likelihood that mistakes will be made; and, as computer companies and civil servants are discovering, the greater the complexity of a system the greater the difficulties of computerising it - leading, we believe, to software developers determining constraints on tax and benefits policy.

The only alternative is genuine simplification – and the obvious model is the simplest benefit of them all: Child Benefit.

News

Sue Royston of the **Department for Work and Pensions Simplification Unit** is inviting advice agencies to tell her how things could be made easier for clients: 'We believe complexity matters because it may prevent customers getting the benefits to which they are entitled. It may lead to errors both by staff in administering the benefit and by customers in not being clear what they need to report. It makes the system time consuming and therefore costly to administer. The benefits system has become complex because of the wish to ensure fairness for customers whose circumstances may be complicated; the desire to maximise the use of limited resources and the need to safeguard the system against fraud and abuse. In addition, over time, a multitude of small and large scale changes have been introduced which have interacted and overlapped with existing provisions to cause further complexity, which can be difficult for staff and customers alike to navigate their way around. The introduction of the Tax Credit System and the way it interacts with existing benefits has added a whole new layer of complexity for customers and staff. There are, however, things which can be done to reduce complexity and the unit have been asked to look at what can be achieved in the current year.'

The 'Community Care' website (on 22nd June 2006) **reports that measures to help people into work have the opposite effect:** It suggests that 'there is a carrot-and-stick approach to moving people off benefits. The carrots are tax credits, national minimum wage, benefit 'run-ons', special rules for disregarding earnings and so on. The sticks are just as numerous: tighter rules on proving that you are looking for work or establishing you are genuinely sick; penalties for turning work down; greater policing of the claimant's out-of-work activity.' Particularly problematic is the 'rule that limits unemployed claimants to studying fewer than 16 hours a week even if the course they want to do would subsequently increase their employability. This rule has been belatedly recognised as a barrier to employment. From September, in ….. pilot areas, low-skilled unemployed people will be able to attend full-time training and retain their Jobseeker's Allowance. The site cites the example of a carer with a partner with disabilities who finds herself no better off employed for 15 hours per week than when employed for 4 hours per week, and worse off if they are employed for 20 hours per week than if they are employed for 4 hours per week. The article concludes: 'There is something wrong with a benefit system that is so complicated that it's difficult for people to make informed choices about what work they can safely undertake and not be worse off. And these are issues that must be addressed.'

The government of **Kuwait** is to give a grant of 200 dinars (690 dollars) to each citizen. The two million foreign workers in the oil-rich emirate were not included.

The **Institute for Fiscal Studies** has discovered that when household spending, rather than income, is used to measure living standards, relative poverty in Britain has risen, rather than fallen, since 1997. The study, funded by the Joseph Rowntree Foundation, suggests that a useful alternative definition of relative poverty would be living in a household which *spends* less than 60% of the median-*spending* household, rather than the measure most frequently used by the government, which is to be living in a household whose *income* is less than 60% of the median-*income* household. Using this alternative measure, the study finds that the rate of child poverty based on household spending rose by 11 per cent between 1996/97 and 2002/03, whereas the measure of child poverty targeted by the Government, based on income, fell by 15 per cent over the same period.

The **Economic and Social Research Council** has reported on a research project by Professor Jane Millar (in *The Edge*, issue 22, July 2006, p.31) which shows that non-poor low-paid employees have less chance of staying out of poverty during the following year than non-poor employees in general (91% as opposed to 96%), and that 'tax credits and in-work benefits play an important role in keeping some low-paid people out of poverty, but are associated with a lower probability of avoiding poverty over time.' As Professor Millar writes, 'preliminary analysis of our data suggests the need to question the sustainability of relying too heavily on this type of fiscal strategy in preventing poverty over the longer term.'

A Norwegian research project has reported that being in contact with the needs testing part of the welfare state reduces levels of interpersonal trust but universal welfare arrangements increase them. The researchers conclude: 'If it is the case that social capital as trust is an asset both for individuals and for society as a whole, interpersonal trust should ideally be cultivated, so also by the welfare state. From a policy point of view, one solution to develop trust, or at least not break it down, may thus be to restructure parts of the system of social assistance. In line with the results from this study, this may be possible by developing the universality of the welfare system as opposed to making it even more discretionary' (Christer Hyggen, 'Risks and Resources: Social Capital among Social Assistance Recipients in Norway', *Social Policy and Administration*, vol.40, no.5, October 2006, p.507).

The Sixth Congress of the U.S. Basic Income Guarantee Network will take place from 23 to 25 February 2007 in New York City. The Congress is co-sponsored by USBIG and the Citizen Policies Institute and takes place in conjunction with the annual meeting of the Eastern Economics Association. Proposals are welcome on topics relating to the Basic Income Guarantee or to the current state of poverty and inequality. Suggested topics include but are not limited to the financing of BIG; the history of BIG; gender, family, and labour market issues of BIG; rights and responsibilities relating to BIG; strategies for implementing BIG; and empirical issues of BIG, and of poverty including cost estimates. The purpose of the conference is discussion, and all points of view are welcome. The USBIG Congress is entirely autonomous in content and submissions are welcome in any academic discipline and from non-academics. Deadline for submissions: Oct 27, 2006. (For further information see www.usbig.net)

Basic Income Studies: An International Journal of Basic Income Research (BIS) is a new international journal devoted to the critical discussion of and research into universal basic income and related policy proposals. BIS is published by the Berkeley Electronic Press and edited by an international team of scholars, with support from Red Renta Básica, the Basic Income Earth Network and the U.S. Basic Income Guarantee Network. The inaugural issue of BIS appeared in June with articles by Joel Handler and Amanda Sheely Babcock, Michael W. Howard, Yannick Vanderborght, and a retrospective on Robert van der Veen and Philippe Van Parijs's seminal article on 'A Capitalist Road to Communism'. The retrospective includes a reprint of the original article and a set of specially written comments by Gerald Cohen, Erik Olin Wright, Doris Schroeder, Catriona McKinnon, Harry Dahms, and Andrew Williams, together with a specially written reply by the authors. BIS is currently inviting contributions from academic scholars, researchers, policy-makers and welfare advocates on a wide variety of topics pertaining to the universal welfare debate and particularly welcomes research that pushes the debate into previously uncharted areas. BIS aims to promote the research of young scholars as well as seasoned researchers, and the editors particularly welcome contributions from non-Western countries. For more information, please visit the website at www.bepress.com/bis or contact the editors, Jurgen De Wispelaere and Karl Widerquist, at bis-editors@bepress.com. Scholars who want to have their books considered for review or who would like to review a book for BIS should contact Sandra González Bailón at bis-bookreviews@bepress.com.

Main article

The left-leaning thinktank Compass has recently shown some interest in the Citizen's Income debate, and we are grateful to Compass for permission to reprint a 'Thinkpiece' on Citizen's Income which appeared on their website early in 2006:

Compass Thinkpiece Number 4

A Citizen's Income: a recipe for change

The context

At the moment, if someone who is on means-tested Income Support or Jobseeker's Allowance enters employment, fairly soon their benefit is withdrawn pound for pound (apart from a small disregard), and, as their income rises, they lose Housing Benefit and Council Tax Benefit and start to pay Income Tax and National Insurance Contributions.

Something similar happens to someone in low paid work who is receiving tax credits: as their earned income rises, tax credits fall, income tax is paid, National Insurance Contributions are paid, Housing Benefit is lost ….

The 'unemployment trap' and the 'poverty trap' discourage people from entering employment and from seeking to increase their earned incomes. The problem is compounded by the complexity of the system and the resulting uncertainty over how much net income someone will have if they enter or change their employment and have to pay travel and other expenses. This situation is bad for them, for their families, for their communities, and for the economy.

If you want to understand the depth and breadth of the unemployment and poverty traps then there is no substitute for looking at the Department of Work and Pensions' Tax and Benefit Model Tables (at www.dwp.gov.uk/asd/asd1/TBMT_2005.pdf).

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 £134.33 to £392.66. By the 'breadth' of the poverty trap we mean the spectrum 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 £392.66 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
34.04	Income reduces HB/CTB	85.0%
94.00	NI becomes payable	87.9%
94.13	Tax payable at 10%	88.1%
100.13	WTC reduced by pay	93.7%
107.59	CTB disappears	85.3%
143.33	Tax payable at 22%	89.5%
266.79	WTC disappears/CTC reduced by pay	89.5%
392.66	HB disappears	33.0% [1]
630.00	NI Upper Earnings Limit (UEL)	23.0%
717.21	Tax payable at 40%	41.0%
958.91	CTC family element reduced by pay	47.7%
1,108.91	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.

Analysis

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.

And in general the less means-testing is done the easier it will be for families and individuals to earn their way out of poverty.

A similar issue arises with pension provision. At the moment there is a significant disincentive to save for old age, and independent financial advisers are unwilling to advise on pension plans because it is not clear what the fiscal situation will be when the individuals concerned reach retirement age. If there is still considerable means-testing when that happens then the pension fund's customer might have gained little advantage from saving for retirement.

The prescription

A Citizen's Income (CI) is 'an unconditional, non-withdrawable income payable to each individual as a right of citizenship' (Citizen's Income Trust strapline). Within that definition a wide variety of options are possible in terms of how large the income might be and how it might be paid for. Most of the research and debate which the Citizen's Income Trust has undertaken or sponsored has been based on the premise that only a small Citizen's Income is politically feasible in the short- to medium-term and that only revenue-neutral schemes funded by something like existing tax rates are likely to be considered (i.e., schemes entirely paid for by reducing tax allowances, means-tested benefits and National Insurance benefits and by leaving income tax rates at somewhere near their current level) - though this presupposition has been somewhat dented recently by the Irish Government's willingness to consider a sizeable Citizen's Income paid for by substantially increasing tax rates (Department of the Taoiseach, 2002). An adult Citizen's Income of €109 per week is envisaged, paid for by a single tax rate of 47.14% (Anne Miller, 2003). And the Citizen's Income Trust is itself about to publish a persuasive paper which shows that a Citizen's Income paid at £90 for each adult might be feasible.

But the debate about how large a Citizen's Income would be is a secondary matter. What matters is the structure: its unconditionality, its nonwithdrawability, and its payment to individuals rather than to households; and it is this structure which creates its effect, which makes it attractive to people with a variety of political outlooks, and which gives it its close relationship with notions of citizenship.

Because the Citizen's Income is not withdrawn as earnings rise, a large CI would mean that net income would rise steadily for the poorest families as earned income rises, and a small CI would mean that for those families still on means-tested benefits net income would rise more rapidly than it does now.

For Britain's many flexible workers, a Citizen's Income would provide a measure of security on which they could build. Part-time work and self-employment would become more attractive, allowing people to develop more flexible patterns of working more consistent with their own and their children's or other dependents' needs. Thus consistently high levels of employment can be expected.

(For a single person living alone and simply, and maybe for other categories of people, a Citizen's Income might have a disincentive effect; but for most individuals the incentive effect of lower withdrawal rates will outweigh the small disincentive effect of receiving the Citizen's Income.)

A Citizen's Income would help people to undertake higher education, training, or retraining by providing a small, secure income.

Above all, a Citizen's Income would help to tackle poverty by providing an income on which people with low earnings potential could build through paid work and savings. Rather than destroying the work ethic, as our present system does, a Citizen's Income would help to lift people out of the various traps outlined above and would encourage them to earn a living (Citizen's Income Trust, 2003a).

A universal Citizen's Pension would encourage people to save for their retirement because it wouldn't be withdrawn from people with personal pensions or other investments, as the Pension Credit is now. The second report from the Pensions Commission, published on 30 November 2005, recommends 'reforms to make the state system less means-tested and closer to universal ….'. A Citizen's Pension would do this, and it would enable meaningful advice to be offered on pension plans because net income in retirement would be more predictable.

One of the particularly interesting things about the Citizen's Income idea is the support expressed by members of all of the major political parties. The Citizen's Income Trust has conducted a survey amongst MPs which shows this. (www.citizensincome.org/resources/newsletter%20issue%203%202004.shtml) The reason is probably that a Citizen's Income would increase equality, freedom, and a sense of citizenship.

A particular revenue-neutral Citizen's Income scheme

Using Family Expenditure Survey data for Great Britain for 2003, POLIMOD (a modelling programme maintained by Holly Sutherland at the Microsimulation Unit at the Department of Applied Economics at the University of Cambridge) analyses the effects of changes to the tax and benefits system. For the purposes of this exercise only revenue-neutral possibilities were considered so that the changes create neither a net gain nor a net loss to the exchequer; and only schemes which require the minimum of administrative change were considered in order to facilitate an easy transition. (In particular, tax credits are left in place and all means-tested and National Insurance benefits are left as they are – though of course the payment of a Citizen's Income will cause the amount of means-tested benefits received by an individual or a family to be reduced).

The scheme

- Child benefit is increased to £15 per child.
- A Citizen's Income is paid as follows: £20 p.w. to 16/17 year olds; £25 to adults below 65 years old, £30 between 65 and 75, £35 above 75.

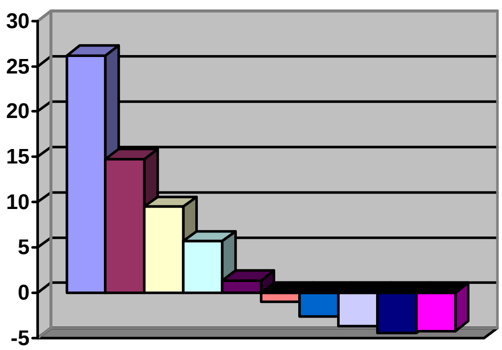
- The individual tax allowance is reduced to 0.
- A flat rate of income tax of 26% up to the current higher tax threshold, and thereafter 40% as now.

The results are as follows:

- The scheme is revenue-neutral.
- Gainers and losers are as follows:

Income decile	Average gain/loss %
1	26.17
2	14.78
3	9.51
4	5.70
5	1.34
6	-1.00
7	-2.63
8	-3.65
9	-4.40
10	-4.20

Average gain/loss % by income decile



Thus income is redistributed from people in the higher income deciles and towards those in the lower deciles, with high percentage increases for those in the lower deciles and low percentage decreases for those in the higher deciles. This kind of redistribution will not affect the lifestyles of the wealthy overmuch, it will leave middle-income individuals and families in much the same position as they are in now, and it will considerably increase the incomes of the poorest section of the community – and it achieves this while not deepening the poverty or unemployment traps. Because every individual and household will receive a greater proportion of their income as non-withdrawable cash payments, those in the lower earnings deciles will experience lower withdrawal rates and thus a greater incentive to increase their earned income.

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Reviews

Loek Groot, *Basic Income, Unemployment and Compensatory Justice*, Kluwer Academic Publishers, Dordrecht, 2004, 142 pp, hardback, 1 4020 2614 5, £42

The main argument of this wide ranging, interdisciplinary and well-researched book is that if the economy were to be in a state of long-run full employment, and if everyone had equal earning capacities, then there would be no need for a Citizen's Income (here called 'basic income' (BI) or 'universal basic income' (UBI)). However, in situations of structural unemployment and nonequal earning-powers, compensatory justice is best served by a BI.

An introductory chapter by Philippe Van Parijs defines a BI as an 'income paid by a government at a uniform level and at regular intervals, to each adult member of society' (p.12) and compares it with other policy instruments, and particularly with a Negative Income Tax which, while similar to a BI, is based on the household rather than the individual, is paid after tax returns are submitted and thus risks poverty during the previous year, and contributes to the financial uncertainty experienced by someone unemployed and faced with a job offer. Van Parijs goes on to argue for a BI on the basis of a 'real freedom' notion of justice, and in relation to the different job markets which a BI would instigate.

Groot's first chapter compares the increasing conditionality of social security benefits with a BI, and answers the objection to a BI that it damages self-reliance, reciprocity and the work ethic by showing that in some ways they might increase with a BI.

The second chapter suggests that some parasitism is a price worth paying for the compensatory justice which a BI would promote. This chapter also contains a careful critique of three understandings of 'compensatory justice'. It shows that raising means-tested benefits and increasing the minimum wage increases unemployment and thus has a detrimental effect on compensatory justice, and that a BI would improve compensatory justice because workers would be more able to turn down jobs which did not offer pay which compensated sufficiently for the disadvantages of the job.

In chapter 3 the author understands the voluntary non-work option as a giving up of job rights in return for a BI; and in chapter 4 he discusses a possible BI experiment (discussed in the *Citizen's Income Newsletter*, issue 2 for 2005, pp.5ff) – because only in this way shall we be able to evaluate a BI's effects. The limitations and results of Negative Income Tax and other similar experiments are discussed, and an experiment to discover the behavioural responses to a BI is described.

The final chapter outlines the steps which could be taken to implement a BI scheme: steps which would begin to have some of the effects of a BI.

The book is generally clear and well-argued, though two issues might have been given rather clearer treatment: 1. A Negative Income Tax could indeed have the same net income effect as a BI, but given the problems which Van Parijs finds with it (the household base, delayed payment, and financial uncertainty when faced with a job offer – and other problems might have been mentioned, such as administrative complexity), it is difficult to see why this option is given the prominent treatment it gets throughout the book; and 2. Both 'work' and 'employment' are used to mean 'paid work', whereas 'work' should properly encompass both paid and unpaid family, community and artistic work. (Writing this book review is work, but it's not paid work).

It's helpful that technical material appears in appendices, but unhelpful that there is no subject index.

This book is an important addition to the growing field of CI studies, and any future treatment of the relationship between BI, unemployment and concepts of justice will need to take account of its arguments and conclusions.

Karl Widerquist, Michael Anthony Lewis and Steven Pressman, *The Ethics and Economics of the Basic Income Guarantee*, Ashgate, Aldershot, 2005, xvi+334pp, hbk, 0 7546 4188 0, £60

The essays in this collection were first given as papers at the first congress of the United States Basic Income Guarantee (USBIG) network.

In his foreword Guy Standing distinguishes between those who see a Basic Income (BI) as facilitating an efficient market economy, 'allowing for greater labour market flexibility and making for a society of greater individualism and economic rationality' (pp.xiii-xiv) and those who believe that a BI 'must be part of an egalitarian strategy, not to be seen in isolation' (p.xiv).

But the Basic Income of the Foreword is only one possible example of the Basic Income Guarantee (BIG) which the book and USBIG are about, as a BIG is defined as 'a public policy that unconditionally ensures that the income of every citizen reaches some minimum level. Its guarantee is unconditional in the sense that every citizen receives it without any obligation to work, to have children, to get married, or to perform any socially mandated task' (p.1). The problem with this definition is that both a Citizen's Income and the UK's means-tested Pension Credit and Income Support can fit into it and that 'basic income guarantee' can either mean that an unconditional equal income is paid to all citizens *or* that the State ensures that no-one's income falls below a certain level. These are very different ideas. When the editors list the possibilities they have in mind (negative income tax (NIT), BI and Basic Capital (BC)) they omit the means-tested options, suggesting that the definition on p.1 *should* read 'a public policy which by some means or other pays to every citizen an income the amount of which is not affected by the citizen's other income' (a definition which with a small stretch of its literal meaning can include NIT by counting an income tax allowance as a cash payment).

If the reader keeps in the mind the terminological difficulties then the papers collected here will be of great interest.

Chapters 2 to 5 relate some important history.

Chapter 2 revisits the Speenhamland experiment of 1795, finds that 'while it is theoretically possible that a floor under incomes would be transformed into a ceiling, this certainly did not happen during the Speenhamland period, and there is little evidence that it has ever happened' (p.43), and concludes that 'if an income guarantee were in place, employers would become even more cautious about imposing wage cuts' (p.43) – but only, of course, if such an income guarantee were non-means-tested. Chapter 3 discusses the idea of a capital endowment paid for by inheritance tax; and chapter 4 the recent history of American income maintenance policy: the New Deal, food stamps (means-tested), the Earned Income Tax Credit (EITC) and workfare. Chapter 5 returns to US NIT experiments, in which work disincentive effects were found to be interestingly small (though the press at the time treated the existence of any such effect as serious) and in which *the* major effect was found to be higher divorce rates – which is what brought the experiments to an end.

Part II is entitled 'Debate', and here some significant ideas are discussed: 'citizenship' in chapter 6, 'liberal neutrality, socialism and work' in chapter 7, 'exploitation' in chapter 8 (i.e. a BI recipient's ability to exploit others' work effort – Widerquist finds the case unproven), and 'freedom' in chapter 9.

The third part of the book seeks 'evidence' for an equity-efficiency trade-off (the trade-off is small), for whether the EITC has made a BI unnecessary (though the conclusions are about lack of evidence for a link between short- and long-run employment incentive problems), and for the risks of cumulating income sources (a 'universal social wage' would be better).

The final section contains descriptions of particular proposals for a BI in South Africa, Brazil (where Senator Eduardo Suplicy prefers a BI to other proposals), Belgium and Holland (back-door strategies), Canada (means-tested) and the UK (Negative Income Tax: feasible).

While the quality of the papers is uneven (it always is at conferences) and they are very different from each other in style, length, depth of analysis, scientific rigour and terminology (see above), a cumulative case emerges for a non-means-tested BIG, preferably a BI, with NIT as a close runner-up and BC as an interesting outsider.

For anyone researching a Citizen's Income this book is essential reading; and for anyone interested in the subject there will be chapters which will be of interest.

We look forward to further collections from the USBI(G) network.

Paul Dornan, *Delivering Benefits in Old Age: The Take up of the Minimum Income Guarantee*, Ashgate, Aldershot, 2006, 254pp, hardback, 0 7546 4688 2, £50

This is a highly detailed report on a research project at the University of York on the non-take-up of social security benefits by older people who are entitled to them, and in particular of the means-tested Minimum Income Guarantee (MIG) (now replaced by Pension Credit). As the author suggests, the MIG was in fact far from 'guaranteed', as to receive it pensioners needed to claim it. This is no minor issue, for Pension Credit shares many of the MIG's characteristics and five million people are entitled to it (p.2).

Dornan lists the negative aspects of means-testing: 'complexity, fraud, stigma, moral hazard and incomplete take-up' (p.3). Given that both major political parties now regard means-testing as the foundation of income-maintenance policy, these negative aspects matter – and in the context of pension provision, low take-up of the Pension Credit will compromise the ability of other parts of the government's pensions plan to ensure income security in old age.

An introductory chapter is followed by a review of existing research on take-up. The finding is that previous studies have concluded that levels of non-take-up relate to the costs of claiming and that the most important factor is that pensioners simply don't understand the system. This means that 'the trade off between costs and benefits is not an informed rational process' (p.35).

Chapter 3 studies the pensioner population in order to understand factors which lead people not to claim benefits to which they are entitled. Dornan finds that increasing numbers are reliant on the means-tested safety net, many with small entitlements – and these are the people least likely to claim. He also finds that the oldest claimants are likely to be the most isolated and therefore, even if entitled to substantial amounts of MIG, the most likely to find it difficult to negotiate the claiming process.

Chapter 4 discusses the Pensions Green Paper, *Partnership in Pensions*, to which the means-tested Pension Credit remains central, and also the alternative of a simpler non-means-tested system; chapter 5 describes the modeling techniques used in the research project; chapter 6 provides a longitudinal perspective (which shows receipt of means-tested pension benefits to be more volatile than one might expect); and chapter 7 explores the impact of additional income on consumption.

A concluding chapter suggests that, if means-tested provision is to remain at the heart of government policy, then methods must be employed to ensure greater take-up, and particularly a more proactive approach by the Department for Work and Pensions; but, as Dornan suggests, 'if a radical solution such as the Citizen's Pension were to be used, solving non-take up would not be technically difficult and at a sweep most of the problems could be dealt with' (p.197). He also suggests that extending entitlement to the Basic State Pension and increasing its value would reduce the number of pensioners on means-tested benefits and would thus reduce the problem of non-take-up.

This is a highly readable report on a very thorough and highly relevant research project. A similar exercise related to tax credits would be most welcome.

Ailsa McKay, *The Future of Social Security Policy: Women, Work and a Citizen's Basic Income*, Routledge, London, 2005, 269pp, hardback, 0 415 34436 0, £50

First of all, terminology: Ailsa McKay has interestingly combined the terms 'Basic Income' and 'Citizen's Income' into 'Citizen's Basic Income' (CBI): a decision which might move forwards the wider debate on terminology.

However, more importantly, her book's purpose is to 'draw attention to the confusing nature of mainstream economic theorizing in the policy process and to outline how a feminist economic perspective could contribute to the development of a more inclusive and realistic understanding of state welfare arrangements' (p.1), because 'to fully appreciate and understand the nature of social security measures the debate must progress beyond the realms of determining an efficient allocation of resources and incorporate questions of social justice, citizenship rights and individual autonomy' (p.5).

The feminist perspective which McKay recommends sees the world 'in terms of its inherent set of complex social and economic interaction' (p.5) and questions the dominance of capitalist presuppositions because they limit the policy options we are able to conceptualise, and particularly a CBI option.

McKay's introductory chapter is a highly accessible description of some of the consequences of such a feminist perspective, and has interesting things to say both about social construction of gender and social construction of academic disciplines such as economics. (On this issue: Nancy Cartwright, *The Dappled World: A Study of the Boundaries of Science* (Cambridge: Cambridge University Press, 1999), which emphasises the local nature of the so-called 'laws' of economics, maybe ought to have appeared in the bibliography).

Chapter 2 suggests that questions of justice are as important as questions of efficiency when income transfers are considered; and chapter 3 pursues McKay's preference for seeing transfers as promoting 'social security' rather than serving 'income maintenance', with 'social security' understood as 'an ideological objective to provide and/or promote an environment where each individual is afforded equal protection against economic insecurity' (p.69).

Chapter 4 provides a brief history of social security policy in Britain and a description of New Labour's 'welfare to work' strategy. The author also notes trends towards increasing means-testing and the associated emphasis on households rather than individuals. McKay documents the feminization of poverty through women's labour market participation being concentrated in occupations which lend themselves to part-time and casual employment, and she discusses social exclusion as an effect of poverty. She concludes that what is required is 'a policy that is independent of traditional labour market processes but which will operate in such a way that does not adversely affect the efficient functioning of the waged economy' and that 'a CBI presents as a possible remedy to the related, but yet distinct, problems of poverty and social exclusion and that positively responds to the dynamics of modern living conditions' (p.102).

Chapter 5 defines a CBI, discusses its possible effects on existing patterns of work (i.e., paid work), and argues that it would meet the needs of a modern flexible labour market and particularly of women's needs within such a labour market.

Rather less satisfactory is chapter 6, which treats 'minimum income guarantee', 'social dividend', Juliet Rhys Williams' work-tested scheme and Negative Income Tax as 'variations of a CBI' (p.181) and then regards them as elements of the history of CBI understood as a 'reform proposal' (p.181). McKay's case would have been better served by regarding CBI as sufficiently different from these 'variations' to enable the debate to leave behind the dominant mind-set which has informed arguments for the 'variations'.

Chapter 7 shows that many arguments for a CBI are rather less than radical (and here the argument would have been clearer if the author had recognized that a partial CBI is still a CBI and not a 'modification'); and chapter 8 develops more radical arguments based on a feminist economics perspective. The main argument here is that 'work' encompasses a wide range of activity, both paid and unpaid, both individual and corporate, and that a CBI, by disconnecting work and income, would enable us to value unpaid work more highly. (While 'work is defined broadly at the beginning of this chapter, it is still sometimes used with the meaning 'paid work' and so ought to have been replaced by that term).

The book concludes with a call for a CBI based on a desire for gender equitable outcomes.

Whilst parts of this book are not as carefully argued as they ought to be, the content taken as a whole is a persuasive argument both for a new theoretical basis for discussion of social security policy and for a CBI, 'a proposal that would effectively *transform* modern welfare states in such a way as to promote real freedom for all' (p.248).

Will Paxton and Stuart White with Dominic Maxwell (eds.), *The Citizen's Stake: Exploring the future of universal asset policies*, Policy Press, Bristol, 2006, 212pp, pbk, 1 86134 699 9, £19.99.

'Market economies are crucial for efficiency. But market economies also tend to generate significant inequality' (p.1). Whilst the editors' presupposition might be better rephrased as 'market economies are one important means for achieving efficiency', their subsequent diagnosis is accurate, and their collection of essays is an exploration of one means of tackling the problem of inequality: a generous 'citizen's stake', i.e., an endowment for every citizen. They argue for this policy on the basis of natural (property) rights, freedom, welfare, and equality of opportunity, and they locate their exploration in a particular recent government initiative: the Child Trust Fund (CTF).

Chapters 2 to 5 discuss different means of funding a citizen's stake: inheritance tax, common assets (i.e., water sources), and land tax.

Chapter 6 (which doesn't really belong in the 'funding' section) discusses different motives for establishing citizens' stakes and suggests that 'the scope for capitalizing existing welfare provision is very limited' (p.103), the most likely candidates being higher education, social housing and pension provision.

Chapters 7 to 11 discuss different forms of citizens' stakes: capital grants for children (such as the CTF); use-restricted capital grants (e.g. for higher education); capital grants for parents; care accounts (for anyone with caring responsibilities); and time assets (a 'time' account into which employees can contribute salary and paid leave in order to accumulate paid leave).

In the concluding chapter the editors employ 'social investment', 'libertarian', 'post-productivist' and 'egalitarian' perspectives to evaluate the citizen's stake idea, and they also discuss social policy and policy debate in other countries. They argue that support for the CTF is grounded in egalitarianism, and that therefore every child's fund should have the same amount in it when they reach age 18. At the moment a family which can afford to pay into the fund can create a fund of £31,580 whereas a family which can't will leave their child with only £2,300. Unfortunately, the remedies recommended rely on means-testing or bureaucratic discretion rather than on simply isolating the account from additional saving.

The editors are surely right to believe that through the CTF 'the policy, and the underlying principle of a citizen's stake is likely to become more embedded in popular thinking' (p.190).

An interesting parallel is surely unconditional benefits for children. One might have thought that after 60 years of such a successful policy we might have seen more examples of universal benefits, such as a Citizen's Pension or a Citizen's Income – but we haven't. It would appear to be easier to implement such universal provision for children than for other demographic groups – in which case we might see limited use of the citizen's stake concept for higher education, but not necessarily more widely.

The editors have collected a diverse and interesting selection of essays which will contribute positively to the debate about a citizen's stake.

Peter Abrahamson, Thomas P. Boje, Bent Greve, *Welfare and Families in Europe*,

Ashgate, 2005, 244 pages, hb, 0 75 464249 6,

The challenges faced by European welfare states feature prominently both in political discourse and academic research. In a period of accelerating international integration of markets, traditional welfare systems in the developed world are under pressure from a series of economic, cultural and demographic factors. While the authors of this book believe these factors are not enough to consider that European welfare systems are in crisis, they do point out that they are going through a process of intense structural change.

The authors focus their study on the impact of the current processes of structural transformation of European welfare states on work and family. To conduct their analysis they employ a familiar triangular theoretical framework that conceives of welfare regimes as mixes between state, market and civil society. Denmark, Sweden, Germany, France and the United Kingdom are taken as representatives of different welfare mixes and both quantitative and qualitative data are used to examine recent changes and discuss future trends.

There are three main topics framing the several comparative perspectives presented in the book. The first is the change in the pattern of labour market participation, with increased participation by women and a steady reduction of the number of households where there is only one person, usually male, integrated in the formal workforce. The authors also assume that the 'mixed economy of welfare' can be identified as 'the new overall consensus on the future of welfare administration in Europe' (p. 2) thereby mostly relieving their analysis of the task of dealing with alternative normative perspectives that might take issue with that assumption. The third topic framing the analysis is the set of fiscal constraints deriving from monetary integration and their implications as external pressures for the future of the welfare state. Throughout the book, the authors attempt to ascertain what these three issues mean for different welfare regimes in contemporary Europe.

The authors' discussion of different welfare models is heavily based on the mixed economy and the triangular perspective mentioned above. It is also focused, as one would expect, on differences in terms of work and family policies. Ultimately, the authors choose to use four variants: a 'parental welfare model' associated with France, a 'male breadwinner model' associated with Germany (these two being subdivisions of the more standard corporatist model), a 'residual poverty oriented welfare model' exemplified by the United Kingdom and a 'municipal social service state' associated with Denmark and Sweden. While the reasons laid out for drawing distinctions between the selected welfare regimes are relevant, one does wonder if it wouldn't be more straightforward just to assume that the study is a comparative analysis of five specific countries. As it stands, the categorical models that are presented tend to appear as *a posteriori* constructions built to fit the set of previously selected countries included in the study. One could of course argue that all typologies in the 'welfare modelling business' necessarily fit to some extent under the previous description. However, the usefulness of such modelling rests to a large extent on providing us with a better understanding of similarities and differences between different groups of welfare regimes along specified dimensions. If the models in question are so specific that they only fit one or a very small number of similar countries the usefulness of such a typology certainly isn't clear.

In terms of methodology, aggregate data mainly from EU and OECD sources is used for comparing the regimes at the macro level. The core of the analysis however relies on qualitative data (and some specific quantitative data) obtained through interviews of a limited sample of low-income and middle-class households from average sized cities in Denmark, Sweden, Germany, France and the United Kingdom (making for a total of ten European neighbourhoods). The information from these interviews is more illustrative than representative given the sampling risks (recognized by the authors) associated with such specific data collection efforts. It therefore seems questionable for the authors to allow themselves to draw general conclusions such as that '[their] interviews (…) show that the combined effort of state economic support as a safety net is very important' (p. 202). Still, the qualitative information provided is of much greater depth than would have been possible by using only data available at the national level and as such it constitutes an interesting effort, as long as proper caution is exercised in deriving conclusions from such material.

Another relevant aspect of the book is the authors' wish to accommodate feminist concerns and criticisms that permeate the analysis of the relation of social citizenship with family and work patterns. The main emphasis is on women's increased participation in the labour force and its implications for family and child care structures and policies. Taking the lead from mainstream feminist scholars, the authors assume that the goal of gender equality is a desirable one and proceed to discuss what arrangements in labour markets and welfare systems are more likely to produce that result. Since the authors in fact argue for more flexible arrangements in both the labour and welfare arenas (p. 138) perhaps *individual autonomy* would be a better way to describe their goal than *gender equality*.

Although the crucial importance of family and social networks is often mentioned, the potentially disruptive effects of modern welfare systems on those institutions are not discussed. Since, even in the context of strong state economic assistance, family support is generally regarded as crucial, it would be advisable to take into account the possible negative effects of welfare policies in terms of incentives and family cohesion (or at the very least argue why this isn't a relevant concern). Perhaps the fact that the analysis is largely descriptive and based on the family's perspectives (as expressed in the interviews) can account for this analytical gap, but the fact is that these concerns remain unaddressed throughout the book. This is by no means a deficiency exclusive to this book as so much of the contemporary literature on welfare regimes appears to rely almost exclusively on measurement and descriptive techniques. It is nevertheless a trend to be regretted. Focusing almost exclusively on quantitative and qualitative depictions may help us to get a better structural picture of society but it will do little to contribute actively to our understanding of those structures.

Despite some shortcomings, *Welfare and Families in Europe* will be of interest to all those wishing to get an account of the recent evolution and relation between work and family in the five welfare regimes analysed. Although no Citizen's Income proposals are considered in depth, the book contains some findings that may be of interest to that discussion, particularly regarding the cases of mature industrialized (some may prefer the expression 'post-modern') countries in Central and Northern Europe, such as that most families believe state assistance should be given primarily to low-income households.

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