

Citizen's Income *newsletter*

2007, issue 2

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Citizen's Income Newsletter

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Editorial

There are some landmark articles in this issue of the *Citizen's Income Newsletter*.

We report on our questionnaire survey of the House of Lords. We have achieved a statistically significant

response rate, and the results are highly significant. We would encourage our readers to study the tables carefully. We are enormously grateful to Baroness Barker, Lord Desai and Lord Beaumont for their help with this project.

This edition also contains news items, conference reports, and book reviews, amongst which there is a review of the new journal, *Basic Income Studies*, and an appropriately combative review of Charles Murray's equally combative advocacy of a Citizen's Income.

Both the House of Commons and the House of Lords support a Citizen's Income approach to the reform of tax and benefits

The House of Commons

Three years ago, with the help of Dr. Lynne Jones MP and Sir Archy Kirkwood MP (then Chair of the Work and Pensions Select Committee), the Citizen's Income Trust distributed a questionnaire to all MPs. Seventy-one completed questionnaires and eleven letters were returned. The level of support for a Citizen's Income was considerable. Forty-one respondents were in favour, and only eleven against; and of particular interest to Sir Archy Kirkwood and Dr. Jones was the level of support for a Royal Commission: forty-six in favour, and only sixteen against. (Sir Patrick Cormack MP, one of the respondents, commented in his letter: 'I have long advocated a Royal Commission to look at the Welfare State fifty years on'.)

The House of Lords

With the support of Baroness Barker, Lord Desai and Lord Beaumont, we have now distributed a questionnaire to every member of the House of Lords. Again we have achieved a substantial response: one hundred and thirty-four responses altogether.

Again the level of support for a Citizen's Income has been considerable: seventy-three respondents were in favour and only fourteen against. And this time support for a Royal Commission on income maintenance was even higher: eighty-three in favour and only twenty-seven against.

Please turn over for the results of the survey:

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

The full results of the survey are as follows:

(The figures in brackets are percentages of respondents for that party. Where these do not add up to 100% it is because some respondents didn't answer the question).

1. Does our tax and benefits system meet the needs of our society and economy ?

	Commons		Lords	
	Yes	No	Yes	No
Con	3 (18)	8 (47)	3 (9)	24 (75)
Labour	9 (24)	24 (63)	1 (4)	25 (93)
Lib Dem	0 (0)	20 (100)	0 (0)	20 (95)
Crossbench			3 (7)	36 (80)
Bishops			0 (0)	5 (83)
Other	1 (14)	6 (86)	1 (33)	2 (67)
Total	13 (16)	58 (71)	8 (6)	112 (84)

2. Does the system need radical change ?

	Commons		Lords	
	Yes	No	Yes	No
Con	9 (53)	1 (6)	26 (81)	2 (6)
Labour	21 (55)	11 (29)	25 (93)	1 (4)
Lib Dem	20 (100)	0 (0)	19 (90)	0 (0)
Crossbench			32 (71)	5 (11)
Bishops			5 (83)	0 (0)
Other	5 (71)	2 (29)	2 (67)	1 (33)
Total	55 (67)	14 (17)	109 (81)	9 (6)

3. Do you think that change needs all-party support ?

	Commons		Lords	
	Yes	No	Yes	No
Con	8 (47)	2 (12)	19 (59)	9 (28)
Labour	22 (58)	7 (18)	26 (79)	6 (18)
Lib Dem	13 (65)	6 (30)	19 (90)	0 (0)
Crossbench			34 (76)	4 (9)
Bishops			5 (83)	0 (0)
Other	7 (100)	0 (0)	2 (67)	1 (33)
Total	50 (61)	15(18)	105(75)	20 (14)

4. Would you like to help achieve such all-party agreement ?

	Commons		Lords	
	Yes	No	Yes	No
Con	6 (35)	2 (12)	14 (44)	13 (41)
Labour	21 (55)	7 (18)	12 (44)	9 (33)
Lib Dem	15 (75)	5 (25)	10 (48)	7 (33)
Crossbench			13 (29)	15 (33)

Bishops			4 (67)	0 (0)
Other	6 (86)	0 (0)	1 (33)	1 (33)
Total	48 (59)	14 (17)	54 (40)	45 (34)

5. Would a Royal Commission on income maintenance be a good idea ?

	Commons		Lords	
	Yes	No	Yes	No
Con	3 (18)	6 (35)	11 (35)	13 (42)
Labour	24 (63)	6 (16)	19 (70)	4 (15)
Lib Dem	14 (70)	3 (15)	17 (81)	2 (10)
Crossbench			31 (69)	6 (13)
Bishops			4 (67)	1 (17)
Other	5 (71)	1 (14)	1 (33)	1 (33)
Total	46 (56)	16 (20)	83 (62)	27 (30)

6. Might a Citizen's Income be a useful basis for reform ?

	Commons		Lords	
	Yes	No	Yes	No
Con	2 (12)	4 (24)	11 (34)	10 (31)
Labour	16 (42)	5 (13)	17 (63)	1 (4)
Lib Dem	16 (80)	2 (10)	15 (71)	0 (0)
Crossbench			26 (58)	3 (7)
Bishops			3 (50)	0 (0)
Other	7 (100)	0 (0)	1 (33)	0 (0)
Total	41 (50)	11 (13)	73 (54)	14 (10)

7. Would you like to know more about the Citizen's Income option for reform ?

	Commons		Lords	
	Yes	No	Yes	No
Con	8 (47)	3 (18)	16 (50)	11 (34)
Labour	26 (68)	5 (13)	18 (67)	4 (15)
Lib Dem	11 (55)	8 (40)	13 (62)	4 (19)
Crossbench			27 (60)	10 (22)
Bishops			4 (67)	1 (17)
Other	7 (100)	0 (0)	2 (67)	1 (33)
Total	52 (63)	16 (20)	80 (60)	31 (23)

News

Richard Clements: In November the Citizen's Income Trust was sorry to hear of the death of Richard Clements. After being editor of Tribune and running Neil Kinnock's office, Richard was Director of the Citizen's Income Trust from 1993 to 1996, when sadly

he had to retire because of his own ill health and to look after his wife Bridget. He was a most effective Director, and we were very sorry when he had to leave. Not surprisingly, he was particularly good at raising the profile of the Citizen's Income debate in the press. To see an obituary in the Guardian, see <http://www.guardian.co.uk/obituaries/story/0,,1955580,00.html>

Last December the **Department for Work and Pensions** reported: 'Our benefits are complex to administer. Our IS/IT systems are not as integrated as they could be. Sometimes we fail to follow our procedures. The result is that, in 2005/06, we overpaid an estimated £1.9 billion through official and customer error – equivalent to 1.7% of total expenditure. Our aim is to prevent new error from occurring by simplifying benefit rules so they are simpler to understand and administer' (Department for Work and Pensions, *Touchbase*, December 2006).

The London School of Economics has published Casepaper 114: Work-Life Balance in a Low-Income Neighbourhood by Hartley Dean and Alice Coulter:

(<http://sticerd.lse.ac.uk/dps/case/cp/CASEpaper114.pdf>)

'This paper reports findings from a study, based on in-depth interviews with 42 economically active parents from a low-income neighbourhood. Participants supported the idea of work-life balance, but many found it difficult to achieve. Pay levels are insufficient and, though benefits/tax credits help, they are complex and badly administered. The clearest finding was that participants tended to be fundamentally disempowered - by the unpredictability of the labour market, the dominance of a 'business case' rationale, their lack of confidence in childcare provision and a lack of belief in their employment and benefit rights.'

HM Revenue and Customs has decided that from November 2006 tax credit recipients must inform them immediately about a range of changes in their circumstances: if they were working 30 hours or more a week and now work less than 30; if they were working between 16 and 30 hours a week and now work less than 16; if their income goes up or down; if their benefits change; if their child leaves home; if a child over 16 leaves full time school or college or goes to university; if, for any other reason, they can no longer claim tax credits for their child; if their childcare costs go down by £10 a week or more and the change lasts for more than four weeks in a row, or the cost goes down to zero; if a partner moves in or out; if they leave the country for eight weeks or more;

if they move home or change their bank account (www.hmrc.gov.uk/changes).

The Flanders region of Belgium has developed a tariff-based solution to its water affordability problems. Since 1997, the first 15m³ per annum per person in each household is provided free of charge, and beyond that limit water is charged for (Organisation for Economic Co-operation and Development (OECD), 2003, *Social issues in the provision and pricing of water services*, Paris: OECD).

Mark Wadsworth: The Citizen's Income Trust's new Research and Press Officer is Mark Wadsworth. Educated in business law, tax accounting, accounting and finance, Mark works as a tax consultant and has a longstanding interest in the reform of tax and benefit systems. As with all of the Citizen's Income Trust's trustees and staff members, Mark is working for the Trust in a voluntary capacity, and we are most grateful to him for offering his time in this way. Email Mark at: mark.wadsworth@citizensincome.org.

Conference reports

The Eleventh BIEN Congress

Cape Town University, Cape Town, South Africa, November 4-6, 2006

by Karl Widerquist

The Basic Income Earth Network (BIEN) held its Eleventh Congress in Cape Town, South Africa, last November. This was BIEN's first Congress since expanding to a worldwide Network in 2004. Until then BIEN had stood for the Basic Income *European* Network. However, because BIEN was the only international basic income network, national networks outside Europe had been asking for membership of BIEN since the late 1990s. This has now happened

Most members of the new BIEN agreed that South Africa was the best place to have BIEN's first conference outside of Europe because a grassroots movement for basic income has been growing in South Africa since the fall of Apartheid. Many of the churches, trade unions, HIV activist groups, and other progressive organizations, support basic income in South Africa, although most of the leadership of the ruling African National Congress remains opposed to the idea. Ingrid Van Niekerk, of the Institute for Economic Policy Research in Cape Town, organized the Congress.

Cape Town proved to be a good venue for the Eleventh BIEN Congress. Several basic income activists from Southern Africa participated, including Thabisile Msezane, Senior Vice-President of the South African Council of Churches; Zackie Achmat, of the Treatment Action Campaign; and Tovhowani Josephine Tshivhase, Member of Parliament for the ANC. One of the Congress's most dramatic events was when Bishop Zaphania Kameeta, of the Evangelical Lutheran Church, slammed his hand on the podium and said 'Words! Words! Words!' Kameeta argued that people should begin to create a fund from private donations that could eventually grow large enough to finance a basic income in a developing nation.

Archbishop Emeritus Desmond Tutu, who won the Noble Peace Prize for his work in the anti-Apartheid movement, was unable to attend the Congress in person because he was out of the country at the time. Instead he addressed the Congress by video tape, in which he strongly endorsed the basic income movement. Archbishop Tutu's address can be seen on YouTube at: <http://www.youtube.com/watch?v=gf3n-L5FDy0>.

The Congress proved to be a boost to the basic income movement in South Africa. The event was followed by a large amount of discussion of the proposal in the South African press, and the day after the Congress the ANC Minister for Social Development gave his personal endorsement to the policy.

The prospect for basic income in other developing countries was also widely discussed at the conference. Claudia and Dirk Haarmann discussed basic income as a strategy for economic empowerment in Namibia, Maria da Silva discussed the Scholarship Family Program as a step toward basic income in Brazil, and Pablo Yanes suggested that the Universal Citizen Pension in Mexico City was an opportunity to open the debate on basic income in Mexico, where, despite booming trade with the United States, 40 million out of 100 million citizens live in extreme poverty.

Other presentations at the Congress examined diverse aspects of the basic income debate. Michael Howard, of the University of Maine at Orono, won the *Basic Income Studies* essay prize for his proposal for a resource dividend for the NAFTA region (Canada, the United States, and Mexico), and Shamshad Begum Sayed, Head of Women Affairs Human Rights Foundation in Johannesburg, discussed the Islamic case for basic income. According to Sayed, one of the pillars of Islam is not voluntary charity but rather the mandatory redistribution of wealth from rich to poor.

Other presentations by Philippe Van Parijs (Belgium), Robert Van Der Veen (the Netherlands), Senator Eduardo Suplicy (Brazil), Daniel Raventos (Spain), Jennifer Mays (Australia), Julieta Elgarte (Argentina), Eric Patry (Switzerland), and Guy Standing (Great Britain) gave the Congress a rounded, international perspective.

After the Congress, BIEN held its Eleventh General Assembly. The first item on the agenda was a series of proposals to completely overhaul the statutes that have served BIEN with minor alterations since 1988. All of the proposed amendments were approved unanimously and the new rules seemed to work well as the meeting went on to more contentious issues such as a proposal to endorse specific government proposals. The Assembly approved Dublin as the venue for the 2008 BIEN Congress. All of the members of the Executive Committee who stood for a further term were re-elected. Jurgen de Wispelaere decided not to stand, and was replaced by Louise Haagh, of the University of York (UK). Eri Noguchi, Ingrid Van Niekerk, Karl Widerquist, and David Casassas retained positions on the committee. Sean Healy, of the Council of the Religious of Ireland, was later added to the Executive Committee as the representative of the local organizing committee of the Dublin Congress. At the close of the meeting, and following their re-election as BIEN's co-chairs, Senator Eduardo Suplicy and Guy Standing made a joint announcement that they would retire as chairs when their new terms expire in 2008.

New York Interlude: A report on the Sixth USBIG Congress, 23-25 February 2007

by Anne Miller

The sixth annual congress of the US Basic Income Guarantee (USBIG) Network took place at the Crown Plaza Hotel, Times Square, in New York City, on Friday 23 to Sunday 25 February 2007. It was held in conjunction with the Eastern Economics Association's annual meeting, and organised with apparent simplicity and effectiveness by Karl Widerquist, aided by the USBIG committee. A core of about 30 enthusiasts patronised the whole USBIG programme, while possibly another 20 or so wandered in and out from the main conference to give, or listen to, a paper. This provided a way in which the BI ideas might pollinate the minds of more traditional economists. The relatively small number present lent an intimate and friendly atmosphere to the proceedings, and made it possible to get to know new acquaintances more easily.

Participants from the USA were joined by delegates from Canada, New Zealand, South Africa, Brazil, Netherlands and Ireland, as well as from the UK. I was impressed with the level of knowledge and technical detail displayed by the participants, compared with some larger conferences where newcomers present papers, but use technical terms in inappropriate ways (such as 'means-tested basic incomes').

The programme was organised into eleven sessions, the themes of which included 'The Ethics of BIG'; 'Finance and the Basic Income Guarantee'; 'Family Care Work and Gender'; 'The Politics of Basic Income', which covered two sessions; 'Economic Issues of BIG'; 'Alternative Anti-Poverty Programs'; and 'A Debate: Income guarantees vs. Job Guarantees'.

I felt very privileged to have been invited to give the opening address, which I entitled 'Basic Income, Necessary but not Sufficient: some women's issues', in which I chose to answer the question 'To what extent could a basic income meet the problem that women do about two-thirds of the world's unpaid domestic and care-giving work and receive only about a third of the world's income?' My conclusion was that a BI scheme could help to keep women and children out of poverty, and it could be adjusted somewhat to help redress the balance slightly. However, in order to bring about real equality for women in their care-giving roles, other major policy instruments would have to be brought to bear.

It is impossible to summarise every paper, but two in particular stood out for me. In his paper, 'The Rise and Fall of a Basic income Guarantee Bill in the United States Congress', Al Sheahan recorded the work involved, and the frustrations experienced, in getting a bill introduced into the US Congress in 2006. From the initial suggestion during the 1st USBIG conference in 2002, that USBIG needed a BIG bill in the US Congress, through the introduction by Californian Democrat, Bob Filner, of a bill with the catchy title 'The Tax Cut for the Rest of Us Act', given the number HR 5257 on 2 May 2006, to its subsequent languishing, due to the lack of support from any Republican co-sponsors, Sheahan charted the steep learning curve of a small group of amateurs who made no pretence of having any political expertise. The bill proposed a moderate annual \$2000 'refundable standard tax credit' per adult and \$1000 per child, which would operate through the federal income tax forms, even for those without any income. They hoped that it would be financed by rolling back the Bush tax

cuts for the wealthiest Americans, which reportedly cost the Treasury \$224 billion per year. While the immediate outcome was disappointing, all had not been lost. The small group had gained much experience, the bill was a peg on which to hang discussion within the wider community, and Bob Filner was willing to give it another go in the next administration.

Before continuing, it is worth summarising some figures for the USA.

According to the Central Intelligence Agency's World Fact Book,
www.cia.gov/cia/publications/factbook/geos/us.html#Econs:

- GDP for the USA was \$12.98 trillion, ie. \$12,980,000,000,000 (2006 estimate);
- GDP per capita was \$43,600 (2006 estimate);
- The public debt is 64.7% of GDP (2005);
- The real growth rate was 3.2%; the inflation rate (consumer prices) was 2.5%;
- The unemployment rate was 4.6%;
- The national (federal) minimum wage rate is \$5.15 per hour;
- The population living below the poverty line was 12%;
- In 1997, the concentration of household income by % shares were: lowest 10%: 1.8% , highest 10%: 30.5%;
- The Gini coefficient as an index of inequality of household income was 45 (2004);
- 'Since 1975, practically all the gains in household income have gone to the top 20% of households;'
- The current exchange rate is roughly £ / \$ = 2, which gives a rough indication of the value of the above dollar figures in £ sterling;
- GDP per capita for the UK in 2005 was £20,338, and the National Minimum Wage currently is £5.35 per hour.

The second paper, 'Time to change America by Challenging Economic Fundamentals' by Richard Cook, who spent 21 years as an analyst with the US Treasury Department, began by cataloguing the symptoms of decline that are evident in the American economy. He noted that 'the USA has supported its domestic economy through trade domination of most

of the rest of the world', but now the world is changing, and China and India are becoming major players. The US Treasury has an enormous deficit, which has been purchased in recent years by China and Japan. However, the worldwide dollar hegemony is beginning to slip, the value of the dollar having been declining continuously for more than half a century, and now China is starting to offload its dollars. The wars in Afghanistan and Iraq are adding to the US debt. The domestic situation is really bad for the 12% who live below the official poverty line, but economic insecurity is a feature of life for all except for the richest 20% of the population, who have never had it so good. The federal national minimum wage of \$5.15 per hour is insufficient to keep a family of three out of poverty. Cook continued by describing the features of economic life which dog ordinary Americans, including high unemployment, easy access to debt, soaring costs for higher education and health care, a house price bubble which has burst, and a negative US household savings rate. 'The solutions to the economic side of the problem proposed by the Democratic leadership in Congress would only nibble around the edges.' When the US economy is in even deeper trouble, then the politicians might be prepared to look at more radical proposals. Cook offered a raft of other more progressive solutions, including the introduction of a guaranteed annual income for all citizens. Even \$2,000 for an adult and \$1,000 for each child 'would be a first step toward a true basic income guarantee that could eliminate the scourges of poverty and homelessness that give the lie to every politician who claims our economy is either fair or fundamentally sound'. An added advantage is that it would give a much-needed boost to the flagging demand side of the US economy, which cannot match the output poured out by the supply side.

Two other interesting topics were raised during the conference. One was a discussion about whether the BIG should be based on justice, being a dividend from the economy or the land (via a Land Value Tax, LVT, for instance), in which everyone was a shareholder, and thus everyone should receive the same, regardless of age (child or pensioner) and need, or whether it should be a grant based on compassion and therefore vary according to need. Michael Collins from Eire was using an analysis of deprivation data to fix a level for a BI, and Almaz Zelleke was looking at alternative combinations of levels for single adults, lone parents and children in the USA that would meet certain criteria. A full BIG was often put forward at the poverty subsistence level of about \$10,000 per annum

(about 22.9% of GDP per head) for a single able bodied adult in the USA (comparable to £5,000 pa in the UK, roughly £100 pw, which is regarded as quite generous and optimistic in many quarters in the UK, especially compared with the current Income Support levels). An alternative level of \$6,000 pa was also discussed. Several advocates of LVT were among the participants, and the advantages of LVT for tackling the enormous inequalities of wealth, (perhaps in addition to an income tax for redistributing income) were obvious.

The second was the question of whether asylum seekers and immigrants should be eligible for the BIG. The fact that one illegal immigrant had frozen to death on the outskirts of New York just before the conference began gave an added poignancy to the question. The welfare programmes in the USA are very limited and are being cut back fast by the Bush administration. Tensions are built up if immigrants are perceived to be receiving more than the locals, but if the locals are getting very little anyway, it is hard to undercut them except by giving the immigrants nothing. The incidence of a BIG would change this, and the question is whether immigrants would get the same as the locals, or have to fulfil some residency qualification first, over a few years. Many of those present wanted immigrants to be treated compassionately, but had no answer as to the unintended consequences that might occur. Sean Healy of the Conference of Religious of Ireland, CORI, pointed out that since the enlargement of the EU, the number of people now in Ireland who had not been born in Ireland was 12%, or 1 in 8, which was a higher proportion than in the USA. Michael Howard put forward a proposal for a guaranteed minimum income for the NAFTA countries of Canada, USA and Mexico. In some ways, this is a debate that should take place in the context of a BI in all countries, with subsidies from rich countries to poorer ones, such that there is less incentive to emigrate to avoid the grinding poverty in the poorest countries.

There were many more very interesting papers. Richard Caputo compared how far countries differed according to their various anti-poverty programmes, and examined how far they had progressed in their attempts to introduce a BI. Brazil came out best, so far. Nadine Schenk's paper 'Political Constraints to Implementing a Basic Income Grant in South Africa', gave an analysis of the steps that are needed to rally support for the idea in order get a bill on the statute books. Michael Samson and Ingrid Van Niekerk gave evidence about how universal benefits promote

development in less developed countries, giving examples from South Africa. In all, it was a very satisfying and stimulating event.

Further information about the USBIG Network, can be gained from its website, <http://www.usbig.net/>. Some of the papers will be posted on the website. To be put on the USBIG NEWSLETTER mailing list, e.mail Karl Widerquist at Karl@Widerquist.com.

Reviews

Heinz Steinert and Arno Pilgram, *Welfare Policy from Below: Struggles against Social Exclusion in Europe*, Ashgate, 2006, 316 pp, pbk, 0 7546 4815 X, £25

The preface of this diverse collection begins with a critique of social insurance (which in many respects isn't insurance as that term is normally understood) and intrusive means-testing mainly in terms of their inability to cope with a diverse and global labour market, and continues with a description of how the poor *actually* cope by using social security systems as one element in an overall strategy which might include casual labour, family and other networks, and voluntary and self-help organisations. It concludes with a description of a Citizen's Income as an important element in any future welfare state suited to new liberal production methods, a statement that other important elements will continue to be the household and the local community, and a call for a Europe-wide social infrastructure.

The introductory chapter outlines the three-year research project which gave birth to this book. Succeeding chapters study the limits of a market society, inclusion and exclusion, strategies for coping with and avoiding social exclusion (and particularly the welfare, work and family mix and the usefulness and often absence of community), and particular issues such as housing, legal and illegal immigrants, and gender.

The final chapter sets out ways in which poor people create support strategies for themselves ('situations of social exclusion are best coped with by using a multiplicity of resources. Rules by which such combinations of sources of income (wage, welfare, family) are hindered are dysfunctional' (p.268)) and recommends a Citizen's Income as the best basis for such strategies.

This book is the result of thorough research and careful thought, and suggests that the European welfare state called for in the preface would best be constituted by establishing a Europe-wide Citizen's Income.

We hope that this book will be widely read by policy-makers.

Basic Income Studies, Volume 1, Number 1, 2006 (www.bepress.com/bis)

2006 sees two twentieth anniversaries for the basic income (BI) movement. 1986 was the year that the Basic Income European Network (BIEN) was founded: a key tool in coordinating and disseminating work on BI. It was also the year that Robert van der Veen and Philippe Van Parijs published their seminal article 'A Capitalist Road to Communism'. The article made a forceful argument for the introduction of BI as an alternative to the socialist route to communism. BI, van der Veen and Van Parijs claimed, would free people from the necessity of securing their own subsistence and thus offer them the opportunity to find fulfilment in their work.

Marking these two anniversaries is the launch of Basic Income Studies (BIS), the first academic journal specialising on BI. The journal looks to establish an exciting new forum for future research. As the editorial acknowledges, research into BI has to date tended to be spread patchily across a variety of journals and is often inaccessible to those with an interdisciplinary interest in the topic. BIS is an attempt to remedy this situation. The journal will publish articles written in a non-technical style with the aim of drawing in a diverse readership.

BIS will appear online twice a year and will be formed around three sections. The first will feature a set of peer-reviewed articles by new researchers as well as established academics. The second will take the form of a debate, composed of 'snapshot' comment articles that stimulate controversy and open up new themes. The final section will be for book reviews.

This first edition opens with three articles, each considering an issue with important implications for BI: workfare, migration and trade union attitudes. The first of these issues is taken up by Joel Handler and Amanda Sheely Babcock who argue that workfare, as it has been implemented in the US and the EU, has failed clients with shoddy planning, little monitoring and harsh penalties for non-compliance. The authors conclude that BI would be a favourable alternative as it would offer the poor an exit option from employment

schemes and thus boost their standing in the client-caseworker relationship.

Michael W. Howard's article considers migration in relation to BI. He raises the possibility of a dilemma facing BI advocates: on the one hand they may wish to help the global poor gain admittance to rich states; on the other hand they must acknowledge the fact that large-scale immigration could make a national BI in rich states politically, if not economically, unsustainable. Howard offers no easy solution to this dilemma. He suggests that cross-border assistance to the global poor, perhaps in the form of a regional or global BI, would make border restrictions more defensible. Even in the absence of such measures, however, he is prepared to contenance the idea that border restrictions might be a necessary short term measure to fulfil the special duty citizens of rich states owe to their poorest members not to make them worse off than they already are.

Yannick Vanderborght's article considers trade union attitudes to BI. As large organisations whose purpose is to advocate on behalf of those who tend to be less well off, unions may seem obvious candidates to push BI forward. After considering evidence from Belgium, Canada and the Netherlands, however, Vanderborght finds little to support this assumption. In these countries the typical reaction of unions to BI has been cool, to say the least. In Belgium, where the BI movement is most developed, it has, ironically, received the strongest opposition from unions. Vanderborght explores reasons to explain this hostility. First, BI may be strategically unappealing as it may seem a utopian distraction from more realizable goals. Second, it may be economically unappealing as it may make the labour market more flexible, and undermine job security and, perhaps, wages. Third, it might be normatively unappealing as workers may fear BI would involve parasitism by the idle. Interestingly, Vanderborght still concludes that BI advocates should work to convert unions to their cause, but perhaps, given his analysis, advocates would have better luck turning to other groups that may be more responsive, e.g. the unemployed.

The debate section is dedicated to a retrospective on 'A Capitalist Road to Communism' on the twentieth anniversary of its publication. The article is reprinted beside six insightful comments by critics. The first of these is by GA Cohen, who, in never previously published notes made back in 1987, argues that van der Veen and Van Parijs offer mutually inconsistent replies to two objections against basic income: that it licenses

exploitation of the industrious by the lazy and that it unjustifiably violates state neutrality between those who like to work and those who like leisure. Of the other comments, two provide arguments for BI as a device for the realisation of important moral values: Andrew Williams considers occupational choice, Catriona McCinnon, self-respect. Another two (by Erik Olin Wright and Harry F Dahms) engage with the Marxist theme of the original article and offer their own views on BI-reformed-capitalism as an alternative to socialism. Finally, Doris Schoeder expresses concerns regarding global justice not unlike Howard's. A national BI, she claims, could mean diverting resources away from the global poor. A global BI, she adds, although ethically appealing is politically unrealistic.

In their reply to their critics van der Veen and Van Parijs offer not only carefully considered responses but also a useful summary of how their work has developed since 1986. In particular they explain how they have responded to the neutralist objection that Cohen offers with a justice argument for BI. Finally they provide their own thoughts on the national BI versus global justice debate, arguing that if – as some empirical evidence suggests – states which share their wealth more equitably amongst themselves are more likely to share it with others, then national BI might be a good first step on the road to global justice.

The book reviews are probing and informative, covering a range of books which connect with BI. Altogether this is an extremely impressive first edition. If the standard is maintained *Basic Income Studies* is sure to become a must-read journal.

Kieran Oberman

Keith Dowding, Jurgen De Wispelaere and Stuart White (eds.), *The Ethics of Stakeholding*, Palgrave Macmillan, Basingstoke, 2003, 216pp, hbk, 1 40390 580 0, £52

In the interest of full disclosure, I must reveal that I am well acquainted with all three editors. Stuart White was my Ph.D. supervisor; Jurgen De Wispelaere is my coeditor of *Basic Income Studies*; and Keith Dowding invited me to join the Citizen's Income Trust. However, none of them asked me to contribute to this volume. Assume these two factors balance out perfectly, and I am the ideal unbiased reviewer.

From the title, this collected volume of essays sounds like a companion volume to Bruce Ackerman and

Anne Alstott's 1999 book, *The Stakeholder Society*,¹ and it almost is. All of the chapters touch on their proposal in some way, and the book concludes with a chapter by Ackerman replying to some of his critics in the volume. But the editors' opening essay defines Stakeholding more broadly than Ackerman and Alstott, as 'a particular paradigm within social policy that looks to empower individuals by granting them or helping them to acquire assets or a near equivalent guaranteed future stream of income.' Ackerman and Alstott focus on one such policy, basic capital. That is, a lump sum coming of age grant, which is, in their proposal, \$80,000 for all high school graduates who aren't convicted of a felony by their 21st birthday. Dowding, De Wispelaere, and White consider two other kinds of Stakeholding proposals, universal basic income (which provides a small, lifetime stream of income) and target asset-building (which subsidizes savings and investment). Ackerman and Alstott's proposal remains the main focus of the book, and the other proposals are discussed largely in relation to the basic capital proposal.

Several chapters put forth Stakeholding proposals. Julian Le Grand and David Nissan discuss the baby bond initiative, a very small basic capital grant, which is since be adopted by the British government. Gavin Kelly, Andrew Gamble, and Will Paxton discuss a proposal for subsidized savings accounts. And Robert E. Goodin discusses an Australian proposal for capital grants to the unemployed. His basic idea is that a person who has been unemployed for a year can propose and investment project to the Department of Social Security. If the Department finds it is feasible, they grant or lend the individual as much as two-years-worth of unemployment benefits to get the project underway. It is a very interesting proposal, but Goodin pays too little attention to the question of whether it will encourage people who might have gone back to work in less than 12 months to stay unemployed for the full year so that they can become eligible for the grant.

Two chapters, one by Stuart White and one by Gijs van Donselaar, discuss the issue of whether unconditional grants allow people who may not be working to take unfair advantage of workers whose taxes support the grant. White concludes that a one-time grant or a temporary basic income can give the disadvantaged greater opportunities and protect them in times of crisis without interfering with a lifetime obligation to contribute to society through work. Van Donselaar is

more skeptical, criticizing Ackerman and Alstott's funding of the stake through an inheritance tax as 'a tax on love.' He endorses a modified version that provides a voucher that will ensure that the stake is used only for productive investments.

Three chapters criticize Ackerman and Alstott's proposal. Cécile Fabre criticizes Stakeholding for being insufficiently egalitarian, but most of her criticism amounts to the claim that Stakeholding is merely a step in the right direction rather than the full solution. Carole Pateman addresses Ackerman's allegation that the choice of basic income over basic capital is paternalistic. She argues that basic income must be preferred to basic capital not for paternalistic reasons but because of the power and economic security which basic income gives to individuals (and that basic capital does not). Robert van der Veen argues that for all of Ackerman and Alstott's criticism of basic income as paternalistic, their system has quite a few restrictions on individual behavior. There are conditions attached to the stake; individuals are to receive a citizen's pension (rather than being told to save their stake for retirement), and in between they advocate substantial welfare state protections. Van der Veen estimates that if Ackerman and Alstott replaced all of these other provisions by adding equivalent values to the stake they could up its value by nearly three fold to \$228,000. Van der Veen observes that while Van Parijs is consistently focused on the desire to maximize 'real freedom', some other unexplained value principle is competing with Ackerman and Alstott's desire to increase economic opportunity.

Probably the most interesting part of the book is Ackerman's concluding chapter. Surprisingly, he devotes nearly half of the chapter to a rebuttal of van Donselaar's exploitation allegation. This had special interest to me, because I have spent more time criticizing van Donselaar than possibly anyone else so far,² but even I began to feel for him after the way he was handled by Ackerman. Those with an interest in the exploitation objection will be interested in how Ackerman shows that some of the conclusions van Donselaar draws from his models are assumption-specific, and how he defends liberal education against van Donselaar's case for training individuals to be more productive. Van Donselaar made the tactical mistake of accusing Ackerman of failing to 'think through these conceptual complexities'. Ackerman is a venerable, prestigious political theorist, who was able

¹ New Haven: Yale University Press.

² A chapter in *The Ethics and Economics of the Basic Income Guarantee*, an article in *Political Studies*, and these were the result of four working papers on www.usbig.net.

to dismiss van Donselaar's accusation with an overwhelming amount of self-citations. Van Donselaar left himself wide open to this and so it was a fair tactic by Ackerman. However, although the response was extremely effective rhetorically, it might have allowed Ackerman to escape more substantive parts of van Donselaar's criticism.

Karl Widerquist

Basic Income Guarantees and the Right to Work, *Rutgers Journal of Law and Urban Policy*, vol.2, no.1, Fall 2005

This edition of the *Rutgers Journal of Law and Urban Policy* is forward-looking in a variety of respects. 1. It is published as a booklet which contains the abstracts of papers given at the 10th Congress of BIEN in 2004 (the Basic Income European Network: now the Basic Income Earth Network) accompanied by a CD which contains the papers themselves; 2. There is an associated website on which the papers can also be found, and which also contains subsequent responses: www.jlup.org.

The papers constitute an important debate between Basic Income and Guaranteed Employment as approaches to social policy reform. William Mitchell and Martin Watts argue that governments have a responsibility to provide a job for anyone who can't find one; Guy Standing argues that a Basic Income is a necessary precondition for a right to work, as it would give to people the right to a job of their choosing; José Antonio Noguera argues that a Basic Income would contribute to our status as citizens whereas a job guarantee promotes our status as workers; Axel Marx proposes a lottery game which provides the winners with a Basic Income as a means of choosing a sample to conduct a social experiment; Michael Howard asks questions about the nature of work; Erik Olin Wright describes a Basic Income as a socialist project; John Tomlinson thinks that Australia's mind-set will need to change before either a job guarantee or a Basic Income would be possible; José Luis Rey Pérez distinguishes between the right to work, the freedom to work, and labour rights; and both Philip Harvey and Pavlina Tcherneva and L. Randall Wray suggest that the job guarantee and Basic Income proposals are complementary.

The papers contribute to an important debate, and the means of publication is a model which others might wish to follow.

Henry George, *Progress and Poverty* (edited and abridged for modern readers by Bob Drake), The Robert Shalkenbach Foundation, New York, 2006, paperback, \$12.95, distributed in the UK by Shephard Walwyn, London, 0 911312 98 6.

Just to envisage a book on economics and taxation among the world's best-sellers is a significant stretch of the imagination for many people. Yet here is such a book. *Progress and Poverty* by Henry George has, since its first publication in 1879, sold millions of copies throughout the world.

However, in recent years, the 600 odd pages of the original have proved too much for contemporary readers, and it was allowed to go out of print. In order to correct this, and to make George's work known to a wider audience, Bob Drake of the Chicago Henry George School began a five year project to 'translate' the language, one idea at a time, into a more modern idiom. This is the result, pruned down to half the original length, yet still containing all the ideas and arguments.

Though first published so long ago, this book still has an important message for all concerned with the inequalities of wealth, the causes of poverty and possible solutions. The book's central message is, in Henry George's own words:

'The association of poverty with progress is the great enigma of our times. It is the central fact from which spring industrial, social and political difficulties that perplex the world, and with which statesmanship, philanthropy and education battle in vain.'

As wealth increases, poverty spreads and deepens, but he is clear that this is not inevitable. There is a way in which the world's wealth can be more equally shared. The essential problem lies in the unequal ownership of land and resources. George examines the remedies currently proposed (at the time of writing) such as increased government efficiency and regulation, better education, unions and co-operatives and even the nationalisation and redistribution of land, and finds all of them wanting. This abridged edition makes it clear that this is as true today as it was then.

His remedy is clear and simple: 'We must make land common property'. However, this does not mean what it appears to at first sight. He rejects the idea that all land be nationalised or re-distributed, and we have only to look at what has happened in Zimbabwe, for example, to see that he is right. To be effective, he says, a remedy must flow with both the essential

harmony of the universe and the natural development of society. One wonders what he would have made of the growth and decay of communism.

Ownership, whether of land or anything else, relies on the right of the individual to the fruits of his or her labour, and this relationship must be fair. This has, for George, a spiritual basis.

‘The laws of nature are the decrees of the Creator. They recognise no right but labour. As nature gives only to labour, the exertion of labour in production is the only title to exclusive possession.’

This means that people may only profit from land that they own by working it, and not in any other way. It is rent that he would seek to take out of private hands and put to public use. If this were done, he suggests, we would not need any other form of taxation. Whether we agree or not, his ideas demand consideration by all who are concerned with tax reform, and with workers receiving just rewards for energy expended, whether in ‘paid’ or ‘unpaid’ employment.

Taxation should be based on the following ‘canons’.

1. It should bear as lightly as possible on production, least impeding the growth of the general fund, from which taxes must be paid and the community maintained.
2. It should be easily and cheaply collected, and it should fall as directly as possible on the ultimate payers – taking as little as possible from the people beyond what it yields the government.
3. It should be certain – offering the least opportunity for abuse and corruption, and the least temptation for evasion.
4. It should bear equally – giving no-one an advantage, nor putting another at a disadvantage.

If universally adopted, these ‘canons’ could underlie substantial reform of the taxation system, and allow the funds for a citizen’s income to be generated. The basis of this tax is to limit social and commercial elites in their capacity to monopolise natural abilities and deny the same right to others. It is based on a single tax on location values (not merely land values, as George was prophetically aware that location is all important, particularly in the development of city structures). We only have to look at the spiralling rents in our cities to see the relevance of this.

In conclusion, I will only say that I tried to read the original many years ago, but gave up before finishing it. I suppose I was not sufficiently interested at that time, and the language and length of the book were against me.. This new edition is a different story. It held my attention from beginning to end, and left me feeling that the work of this pioneer still has a valid message for the 21st century. It deserves to be read again, even if you have the original. Whether or not you agree with his conclusions, reading it will raise sufficient questions to make the effort worthwhile.

Jim Pym, Edinburgh

Gar Alperovitz. Hoboken, *America Beyond Capitalism: Reclaiming our Wealth, Our Liberty, and Our Democracy*, John Wiley and Sons, New Jersey, 2004, pp. xv + 320, \$ 24.95, 0 471 66730 7

Economic, social and political crises are now part of everyday life. *America Beyond Capitalism* takes this concern to an academic level by systematically analysing the components of the current political economy in the United States. Alperovitz discusses the ideals of capitalism, democracy, equality, and liberty; he believes that they are virtually absent in the United States. He suggests that the only solution to this dilemma is an overhaul of the economic, political, and social systems.

The book is divided into five parts, all of which suggest alternative policies that have the potential to transform the system in a peaceful and evolutionary manner.

Part I focuses on the concepts of equality, liberty, and democracy. The first chapter provides evidence for the deepening inequalities in society. The next chapter deals with liberty and the two distinct trends in society that threaten the culture of liberty: one that restricts personal liberties, and the other that relates to the fundamental issues of the political-economic system as a whole. The third chapter addresses the importance of democracy at a macro and at a micro level in a stable political economy: ‘...A necessary if not sufficient condition of rebuilding democracy in general is to get it to work locally’ (p.43). Alperovitz suggests a ‘pluralist commonwealth’.

Part II deals with how the ownership of wealth needs to be shifted on an institutional level so that it benefits the majority rather than a minority, and asks about the technical and political feasibility of such a change.

Alperovitz recommends worker-owned firms, new forms of municipal businesses, the building of a stable community, strategies leading to innovations in the State, and critical measurement and analysis of fiscal development.

Part III focuses on the importance of local democracy and regional decentralization which are of growing importance in an era of globalization, and part IV discusses social security funding, retirement savings, health care provisions, and a shorter work week in order to encourage political participation. Part V suggests that just as transformative shifts have shaped the United States throughout its history, we too should expect and hope for the same. The concluding chapter brings the book and the goals of a new model of attaining a pluralist commonwealth together.

This book offers a good synopsis of the literature and provides real-world examples of strategies which would lead to the proposed pluralist commonwealth. Whilst there is discussion of the redistribution of wealth, and of the necessity of long-term strategy rather than a short-term strategy in this area, the implementation of a Citizen's Income is not discussed. This is a pity, as such a policy would contribute to the liberty, democracy and redistribution for which Alperovitz hopes. However, some of the ideals and proposals would provide useful theoretical underpinning for a Citizen's Income.

This book should be read by liberal as well as conservative thinkers, by public policy makers and critics, by academics in the political, economic and social policy fields, and by students, who ultimately are the people who will be most affected by a new system 'in the long run.'

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Short notices

Guy Palmer, Tom MacInnes and Peter Kenway, *Monitoring poverty and social exclusion 2006*, Joseph Rowntree Foundation, York, 2006, paperback, 978 1 85935 535 0, £16.95, or downloadable from www.jrf.org.uk or www.poverty.org.uk.

The *Monitoring poverty and social exclusion* report for 2006 contains the usual wealth of detail and relevant

comment. Of particular interest is the conclusion that half of the children who remain in poverty are in families already doing paid work, which suggests that the proposition that paid work is the way out of poverty does not apply for many households. The authors say that the underlying problem is low pay and that a low-paid couple can only avoid poverty if both partners are in paid employment. Another interpretation would take more account of high marginal withdrawal rates which mean that because of benefit and tax credit withdrawal increasing earned income translates into gross income which increases at a far lower rate than the rate at which earned income rises.

The report rightly welcomes lower poverty rates among pensioners, especially single pensioners, though the authors correctly conclude that means-tested benefits such as Pension Credit do not address the root of the pensions problem.

The researchers conclude that the overall picture is one of success and neglect rather than one of success and failure. Where government has taken action there has been measurable reduction in poverty. Where it has not taken action, poverty and inequality have continued to increase. Given the continuing poverty amongst working age adults and families with children which the report discovers, action on the structure of the tax and benefits system would seem to be the next piece of necessary action.

Robert Chote, Carl Emmerson, Andrew Leicester and David Miles (eds.), *The IFS Green Budget: January 2007*, Institute for Fiscal Studies, London, 2007, 250pp, pbk., 1 903274 48 6

Amongst the editors' proposals to Gordon Brown as he prepares for his budget speech on the 21st March are suggestions for improving the financial position of couples with children:

'Increasing the working tax credit for all couples with children would particularly help low-income one-earner couples, but would discourage them from increasing their income, for example through adding an earner or working longer hours.

'Increasing the working tax credit only for two-earner couples would reverse a recent trend by strengthening the incentive for low- to middle-income couples to have both adults in work, but would also discourage such families from seeking increases in income through other means.

‘A transferable personal allowance for families with a child under 6 would benefit the majority of one-earner couples with a young child, regardless of income, but would act to discourage such families from having both adults in work.

‘All three proposals would reduce the ‘couple penalty’ in the tax credit system because they give extra support to couples with children but not to lone-parent families.’

Needless to say, an (individualised) Citizen's Income would reduce the couple penalty without reducing employment incentives.

Asghar Zaidi, Mattia Makovec and Michael Fuchs, *Transition from Work to Retirement in EU25*, CASEpaper 112, Centre for Analysis of Social Exclusion, London, 2006

The researchers seek trends in the employment patterns of older workers in the European Union with the aim of identifying policy initiatives which would encourage more flexible and later retirement. In most of the countries which were in the EU before its recent substantial enlargement nearly half of adults over fifty years old are either unemployed or inactive, living on a mixture of early retirement pensions and benefits, though recent pensions reforms will probably induce many of them to work until they are older. The statistics show that older workers are either in full-time employment or are inactive, which can make the transition into retirement problematic. The authors therefore identify a need for policies which will encourage part-time employment in order to promote flexible and later retirement. What the authors call the current ‘cliff-edge’ fall into retirement isn't good for people, and for more flexible retirement to be more of a possibility would therefore be good for people's health.

Review article

Charles Murray, *In Our Hands: A plan to replace the welfare state*, The American Enterprise Institute Press, Washington DC, 2006, 230pp, hbk, 0 8447 4223 6, £10.50/\$20

Those of us who have supported CI for years may feel that perhaps we could do without an endorsement for our ideas from the likes of Charles Murray. He achieved notoriety in 1994 with his book (co-written with Herrnstein) on ‘The Bell Curve’, which seemed to

suggest that racism was acceptable, because some races are irredeemably less intelligent than others. This was a development to his on-going obsession with a social-welfare created under-class, in an earlier book *Losing Ground* (1984). Murray is a man who seems to relish notoriety, and to enjoy antagonising those who do not agree with him. He also appears to be a good-natured prankster who will follow whatever outrageous trail his high intellect leads him to. But make no mistake, Murray is highly influential in right-wing policy circles, and his endorsement of CI is a significant landmark. His name on the cover will ensure that this book will probably sell more, and be read by more people than all the other books on Citizen's Income put together.

Not that he calls it CI, nor does he make any reference to the wealth of literature already available on the subject, from, for example Philippe van Parijs. (This seems to be a deliberate snub. He operates in a well-funded right wing think-tank, the American Enterprise Institute, and acknowledges the assistance of many fellow researchers - some of whom must have pointed out the existing body of information on CI). Indeed, his Plan, to ‘convert all transfer payments to a single cash payment for everyone age twenty-one and older’ (p9) has no name other than ‘The Plan’. By converting all welfare payments, Murray calculates that a payment of \$10,000 (£5,100) p.a. could be made. But there is a twist—once earnings from other sources, mostly jobs, exceeds \$25,000, the payment will be surtaxed at 20%. This means those individually earning more than \$50,000 will receive no net Plan-money.

Murray does acknowledge one source for this idea—negative income tax (NIT), as proposed by Milton Friedman. During the 1970s a version of NIT was tried out, but the results were so abysmal that it was quietly shelved. * High marginal rates of tax destroyed work-incentives for the low paid. Murray's Plan overcomes this effect of NIT and thus rehabilitates Friedman's earlier idea. For both of these right-wing market fundamentalists, welfare payments of any kind are anathema. Ideally they would like to abolish welfare, but NIT or the newer Murray-Plan is a ‘way of reaching out across the political divide between libertarians and social-democrats, offering a compromise for dealing with human needs without entailing the suffocating and soulless welfare state’ (p xii).

In his eagerness to embrace market solutions Murray also proposes to abolish state-funded pensions as well as such state-sponsored medical schemes as exist in the

US (Medicare and Medicaid). With an unshakeable belief in the beneficence of market-provision, Murray calculates that basic health insurance for all, as well as adequate retirement pensions can be provided by abstracting \$3,000 from the \$10,000 payment under his Plan. This is, to say the least, highly contentious. By flogging his Friedmanesque hobbyhorse of free markets he distracts from his main argument. In reality his Plan pays each individual \$7,000 per year (that's about \$20 or £10 per day). In the UK our negative experiences of private-sector pension provisions (Maxwell, mis-selling scandals) and our positive experience of the NHS (better life expectancy than the US for half the GDP cost) supports the idea that state provision is not always as malign as Murray imagines.

Murray goes on to explain that his planned \$7,000 p.a. individually paid to all those over the age of 21 would cure involuntary poverty. No mention is made of Child Benefits—none are payable in the US apart from tax allowances. The main losers from the Plan would be single mothers; Murray suggests that they have an alternative source of income to hand in the form of the fathers of their children. All these 'dead-beat dads' will be known to possess an income under the Plan, as well as an identifiable bank account. With a little help from the authorities, single mothers can enforce their claim against the fathers. If that fails, mother can escape poverty by taking a part-time job at the minimum wage, says Murray (p57). Curiously for a right-wing ideologue, Murray does not challenge minimum wage legislation; indeed many of his justifications for his Plan are predicated on minimum wage legislation continuing—a strange anomaly.

The labour market would be affected by the Plan in various ways: employment traps (disincentives to taking a job) caused by conditional welfare payments would vanish, so more would choose to work. Wives of well-paid men (Murray only reads off traditional gender stereotypes) might prefer to stay at home, content with their Plan-money. Some might choose to work fewer hours in jobs. Overall Murray feels the total hours worked in the economy would drop, but only slightly.

Warming to his theme of the underclass, Murray lapses from his libertarian ideals and shows his visceral hatred for two groups in particular: Young (under 21) mothers, will have the full rigours of economic destitution applied, and have every incentive to behave, to avoid pregnancy and find work at any job going. Also any male who does not get a job, if under 21 will equally have the goad of destitution, or if over

21 and he chooses to loaf at home with parents or girlfriend, will soon find that he must pay up part of his Plan money or be 'kicked out', as Murray puts it (p67).

Why the systematic meanness towards the under 21s in particular? Murray is worried that they might be tempted to become hippie drop-outs. Of course a major activity for most 18 to 21-year-olds in the US is education. With no Plan-money to support them, how will they pay their way? Murray suggests two courses of action: rely on welfare in the form of subsidised student loans and grants, or mortgage their future Plan payments. (I am sure the second would be illegal; the first seems exactly the sort of state-subsidy that Basic Income should replace. Murray seems determined to rescue his studied parsimony towards youngsters at all costs, even violating his own principles). Not that gap years for the over-21s are to be frowned on. Murray shows his more magnanimous side here: Yes, if a few older guys decided to be beach bums for a year or two, he is relaxed about that. In time such inactivity will pall, and these layabouts will re-integrate into decent hard-working society.

In framing his Plan, and identifying its consequences, Murray feels confident that it would work, and with the right push behind it should pass through as legislation. Those of us who have studied schemes for Basic or Citizen's Income over the years will first look at winners and losers to identify a constituency for change: It is here that the Plan looks weak indeed. The 18-21 year-olds, who can both vote and serve in the military, who find themselves excluded from this payment would be (rightly) outraged. The underclass which Murray fears so greatly could become a swollen and enraged mob. This is neither politic nor libertarian. More important politically would be the large group in the middle, the 'ordinary decent hard working families' that politicians like to wax lyrical about. Although the Plan cleverly avoids the traps caused by the 100% withdrawal rate of the old NIT schemes, other difficulties arise at a later stage. Those with incomes between \$25,000 and \$75,000 would be hit with a higher income tax rate, as much as 7% higher for those on a very middling income of \$50,000 (based on Murray's graph on p149). I doubt if middle America would vote for such a scheme. Left out, and so un-engaged in most of the benefits and drawbacks of Murray's Plan, are the well-off. Anyone earning more than \$100,000 will not be affected by the Plan (apart from his wife, of course, as explained above!). These movers and shakers will see no reason to support such a Plan, even less so if it unleashes a horde of destitute 18-21 year-olds on society. I am very

dubious about the practical politics of the Plan, but stranger things have emanated from right-wing US think-tanks and have been adopted by compliant administrations.

It is a relief to turn to the bigger picture, and the message of hope for better lives for all that Murray proposes. Unfortunately he cannot miss an opportunity to take a swipe at European social welfare states. These are held responsible for the misery of divorce, the rise of the underclass and even the loss of religion. Such tedious and easily refutable nonsense serves Murray's case ill. He refers to the alternative—Rifkin's 'How Europe's vision is quietly eclipsing the American dream' (2004), but only in a note at the back. So much for 'extending a hand to the social democrats'!

On a more positive note, concerning the pursuit of happiness, Murray makes some really good points: that personal relationships matter, that self-respect is important, that man (sic) is a social animal who seeks the respect of others, that humans will expend effort for the general good—what is called 'altruism', without expectation of reward, other than feeling good about themselves. All of this would be unremarkable, banal even, but for one thing: It flies in the face of the hegemonic doctrine which underpins the 'free' market, most notably espoused in Public Choice theory. This assumes that man is a rational being who makes selfish choices about maximising his own satisfaction. Greater satisfaction grows from greater consumption according to this theory. Murray, whether he realises it or not, clearly disagrees with the Neoclassical economists' model of rational economic man.

One of the great liberating effects of CI is on work and jobs: writers like James Robertson suggest that 'ownwork' could replace much of conventional employment, especially demeaning and unethical jobs. Murray has a different take on this. He sees jobs as a form of 'vocation' (his chapter title). Employment is to be retained as a core activity, with the added benefit that labour mobility becomes easier. As well as boosting the economy, this enables people to find their true calling, even if that involves moving around.

In a chapter on marriage, Murray bemoans the present fractured state of this core relationship. It's all the fault of the welfare state, he predictably asserts (p110). His Plan money will support stable married relationships: Mothers who want to work can hire nannies; it is also easier for wives to stay at home to look after children and husbands. The platform of the Plan-money encourages the taking on of responsibility, unlike the

welfare provisions which provide a safety net which encourages fecklessness. Apart from the blatant sexism in these sentiments, Murray is unsure if divorce will be more or less widespread.

Murray also anticipates communitarian benefits from his Plan. Again he demonises the welfare state for supplanting a rich web of community organisations. There once was an amazing range of community, ethnic and religious self-help groups in the US, which have been superseded by welfare provision. Under the Plan, there could be a return to widespread small-scale voluntary local provision. Here Murray seems to have missed altogether the reason for the demise of many local voluntary organisations (apart from their functions being far less needed)—that the increasing engagement of both men and women in the labour market, and the longer hours being worked makes it much more difficult to find the time to volunteer. This is a consequence of the dominance of markets, not welfare, and the belief that jobs are the only valid form of work. It is big business which sucks life out of communities, not welfare provision. There is an alternative vision of voluntary organisation which CI can enable—that jobs in the profit-making sector can be shunned, and employment in worthwhile activities, even if poorly or un-paid become feasible.

This is not a state-bureaucracy versus voluntary provision argument as Murray tries to picture it. It is a power equation: Since big business and the money-interest have the power and money, they bend the behaviour of the populace to fit their needs, and rely on the state to control the reserve armies of the excluded underclass. Liberated by CI, individuals can choose to build their lives in fulfilling ways, freed from the control of needing to find a job to earn basic money to live on. This would be a more authentic libertarian dream. Murray, who claims to be a libertarian, is unable to see that although welfare provision does inhibit some desirable behaviour, it is the power and control of business and money, which are the main causes of lack of liberty. Take government off our backs for sure (in so far as it is doing any harm), but first chain up the monster which has nearly all of us in its grip: the power of money and big business. Perhaps Murray understands this all too well, but needs to be careful not to antagonise his paymasters at the American Enterprise Institute.

Conall Boyle

* Reports on this are difficult to obtain—no-one likes to admit to a failure. Yet the reasons for its failure would still be instructive. A possible research project for someone?

Viewpoint

Let's use natural wealth to pay for a citizen's income

Before asking how to fund a citizen's income, we ask, 'What entitles citizens to an income in the first place?' To say they should get an income merely because they need one begs the question of why they need one. After all, there was less abject poverty in primitive tribal societies than in highly productive modern societies.

Our answer is that everyone in tribal societies had access to the earth on reasonably equal terms and could therefore provide for himself/herself.

Modern society is based on some people having all the land and everyone else buying or renting from them.

Rent is highest where population and productivity are highest. Even a vacant lot, on which the title holder has done nothing to earn an income, is worth a fortune if it is surrounded by productive people. The people who pay rent are, in the aggregate, the same ones who created the value in the first place.

Moreover, as failure to tax land values allows some to pile up great estates, it crowds others on to tiny lots in cities and towns, and enables landowners in those cities and towns to extract rack rents, even from the most hideous slums.

Even icons of conservatism have acknowledged throughout history that, in lieu of an equal right of access to the land itself, each citizen has a right to a share of the rent. A modern way to introduce this sharing of land rent would be to introduce an annual levy on all sites. The levy (or Annual Land Value Tax) would be a fixed percentage of the site value but the amount paid would vary according to the financial benefit each landowner derives from their land. Endorsements for land value tax continue to this day from across the political spectrum and tie directly to the question of each citizen's birthright.

Other taxes, such as royalties on scarce natural resources and taxes on pollution, also have good effects. However, these are really just specialized land value taxes. In Edmonton, Canada and Alaska, some of the royalties from oil production are returned to their citizens as a dividend each year. In the same way a land dividend arising from land rent could be paid to all citizens. Even London's congestion charge, championed by Mayor Ken Livingstone, is a sort of rental payment for use of public streets. Its success in

reducing congestion shows that marginal cost pricing works, i.e. if you charge for a scarce resource (in this case city centre road space) – people will use it more efficiently. Similarly, if we charge for the use of the natural resources on our planet (including land) – people will use them more efficiently.

Green taxes can (and should) supplement a general land value tax, but none of them are as directly connected to each person's birthright as land value tax is, and none of them have the revenue potential that land value tax has.

Because a land value tax is a charge against privilege, pure and simple, powerful interests will always oppose it, but many people support it for that same reason. For what other tax proposal can you cite Thomas Carlyle, Winston Churchill, Richard Cobden, Aldous Huxley, Thomas Jefferson, John Locke, John Stuart Mill, Moses, Tom Paine, William Penn, Spinoza, Adam Smith, Tolstoy, Mark Twain, Karl Marx, seven winners of the Nobel Prize in Economics and countless others in support of your position?

A land value tax, buttressed by resource royalties, pollution charges and congestion charges, is the perfect revenue source to fund the citizens' income.

Dan Sullivan and Dave Wetzel

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