Citizen’s Income newsletter

2008, issue 3

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A Citizen’s Income Trust Seminar Series
A Citizen’s Income for All in the UK
January to March 2009

In early 2009 the Citizen’s Income Trust is planning a series of academic seminars throughout the UK, in close collaboration with six major universities. The series aims to draw attention to Citizen’s Income as a genuine, universal alternative for the current selective, work and means-tested approach to welfare policy in Britain.

From January through to March 2009, leading academics in the fields of politics, philosophy and social policy will discuss the prospects of introducing a Citizen’s Income for each UK citizen in the post-Blair era. Confirmed participants include Prof. Bill Jordan (University of Plymouth), Dr Tony Fitzpatrick (University of Nottingham), Dr Louise Haagh (University of York), Prof. Ruth Lister (Loughborough University), Prof. Guy Standing (University of Bath) and Dr Stuart White (University of Oxford).

The seminars will be hosted by the Department of Politics, Philosophy and International Affairs (Queen's University Belfast), the Centre for Applied Philosophy and Public Ethics (University of Brighton), the Centre for Social Ethics (University of Newport, Wales), the International Centre for Public and Social Policy (University of Nottingham), the Department of Politics (University of York), and the Department of Politics (University of Reading). All seminars will be open to the general public.

Further information can be found on the CIT website at www.citizensincome.org/seminars2009.shtml or contact the organisers at seminars2009@citizensincome.org.

Editorial

The progressive Left

The journal Renewal’s aim when it was first published in 1993 was to modernise the Labour Party, and since then it has developed a broad dialogue on the progressive left. It now calls itself ‘a journal of social democracy’, and its explicit aim is to ‘expand the scope of equality, democratic governance and social freedoms within regulated markets’.1

For decades there have been conservatives, liberals, socialists, Greens, and various others, both individually and through their think-tanks and policy groups, actively discussing a Citizen’s Income as a means of renewing the tax and benefits system. What might best be called the ‘progressive left’ has been rather silent on the matter. Three years ago the organisation Compass (‘direction for the democratic left’) published a thinkpiece on a Citizen’s Income, which was welcome; but when it published its manifesto, The Good Society, the chapter on a Citizen’s Income was removed just before publication. The reason given was hesitancy about the idea’s acceptability to the manifesto’s readership.

A recent edition of Renewal looks set to change this reticence. It discusses the notion of ‘the commons’: ‘A commons arises whenever a given community decides...'

A Citizen’s Income is an unconditional, non-withdrawable income payable to each individual as a right of citizenship.
that it wishes to manage a resource in a collective manner, with a special regard for equitable access, use and sustainability. It is a social form that has long lived in the shadows of our market culture, but which is now on the rise’. The editorial notes that the edition’s authors frequently mention a Citizen’s Income (often termed here a Basic Income) as a means of distributing the value of the commons to the population as a whole, and also correctly notes the beneficial effect which a Citizen’s Income would have on volunteering, community activity, and collective creativity. An editorial is not the place to discuss in detail all of the references to a Citizen’s Income in the journal’s articles, but one particular reference might be forgiven. In relation to the funding of a Citizen’s Income, Martin O’Neill approves of James Meade’s suggestion that social justice would be well served by extending inheritance tax to lifetime gifts and using the proceeds to fund a ‘social inheritance’. It is a pleasure to see such significant engagement with the Citizen’s Income debate on the progressive left, and we look forward to seeing a lot more of it.


News

The Centre for the Analysis of Social Exclusion at the London School of Economics has reported on recent research. Researchers at the Centre have found that ‘when controls are made for a range of factors which may independently affect employment retention, they find no statistically significant impact associated with the introduction of Working Families Tax Credit for women. For men, the results suggest that Working Families Tax Credit increased employment retention rates by 2 percentage points’ (Centre for Analysis of Social Exclusion, annual report 2007, p.22).

The February edition of Benefits contains an article by Kate Stanley entitled ‘Citizen-centred welfare: a single income replacement benefit and personalized conditions and support’ (Benefits, vol. 16, no. 1, 2008, pp.81-8) which concurs with the Institute for Public Policy Research’s view that a single working age income replacement benefit would considerably simplify the benefits system. In more general terms, the article suggests that within a ‘reworking of rights and responsibilities, proposals to reform welfare could usefully be measured against at least three criteria: fairness, simplicity and empowerment. The welfare system should be fair, both in the way in which its processes treat people and in the distributional outcomes it produces. The system should also be seen to be fair, in order to achieve and sustain broad public support. This should be based on fair reciprocity, which balances the rights and responsibilities of citizens, state and civil society. The welfare system should also be designed and delivered as simply as possible, promoting efficient administration and helping citizens to understand their entitlements. Complexity can only be justified where it respects the diversity of citizens, not where it simply reflects the interests of the system or historical anomaly. Finally, the welfare system should be designed and delivered in ways that maximise the control and agency of citizens.’ (p.82).

The Pensions Policy Institute has published its Briefing Note no.44, Incentives to save in a pension. ‘PPI modelling shows future levels of eligibility for means-tested benefits are very uncertain. The central projection for the proportion of pensioner households eligible for any means-tested benefit shows a fall from 60% today to 50% by 2050 - with a broad ‘funnel of doubt’ for 2050 being 35% to 65%.... More relevant is the number of people eligible for the combinations of means-tested benefits that are most likely to lead to low returns from saving: such as the Guarantee Credit element of Pension Credit (in the absence of Savings Credit), or Housing Benefit. … In the current figures, the proportion of households facing moderate marginal deduction rates (20-60%) falls between 2005 and 2050. The proportion facing high marginal deduction rates (80%) remains at around 20%.’ The PPI suggests policy options. See http://www.pensionspolicyinstitute.org.uk/news.asp?p=306&s=6&a=0 for more details.

Research from three charities suggests that the Government must take a holistic, joined-up approach to the tax and benefits systems if they wish to achieve their objectives of full employment and an end to child poverty. Researchers working for Community Links, the Low Incomes Tax Reform Group and Child Poverty Action Group studied the technical implications for tax, tax credits and benefits of a set of hypothetical case studies and then tested the results by interviewing local people in east London to find out how these interactions affect their lives. They concluded that moving into work, or increasing working hours, could lead to unpredictable outcomes.
because of the ways in which different individual circumstances, responses and experiences intersect with complex fiscal measures. At present, work does not always pay better than remaining on benefits. While many interactions between different benefits and tax credits have positive or coherent policy effects, a substantial number are contradictory, with (say) the granting of one benefit leading to the withdrawal, or curtailment, of another. Such interactions can make claimants worse off by entering work, or working longer hours. The advent of tax credits, in particular, has changed what was previously a relatively reliable, fixed system of benefits into one that is constantly changing with alterations in claimants’ circumstances. This has led to an increase in complexity, so the interviewees to whom the researchers spoke to often had little understanding of the systems or their entitlements. Some spoke of unpleasant surprises, such as the loss of passported benefits and tax credits overpayment recoveries. Individuals often felt that remaining on benefits was the better option financially, though this did not always mean that they chose not to work.

Kate Green, Chief Executive, Child Poverty Action Group, said: ‘This report shows that people are struggling to make sense of the financial support they are entitled to. The system is fragmented and too often one policy contradicts another in its effect on low-income families. All parts of the system need to work together to maximise family incomes and help end child poverty for good.’

Robin Williamson, Technical Director, Low Incomes Tax Reform Group, said: ‘Our work has shown that people are not always better off seeking work; in particular, loss of benefits in kind such as free school meals can be crucial in dissuading them from taking up work. True work incentives cannot be achieved by single policies; there has to be a clear, coherent and holistic strategy across the entire tax/benefit system, and across all government departments.’

Aaron Barbour, Community Links Research & Policy Manager, said: ‘For the first time we now have a clearer picture of the interactions that occur within people’s lives and the systems supposedly designed to support them. Government needs to take immediate action to address the immense interactions and so complexities inherent within the benefit, tax credit and tax systems. Doing nothing is not an option if child poverty is to end and the ambition of full employment achieved.’

To see the full report and the researchers’ press release, go to: http://www.community-links.org/news/article/two_new_reports_from_linksuk/

The CREATE Consortium is proposing that Government establishes a Community Allowance (a payment to people to do work which strengthens their neighbourhood without affecting any of their benefits). This would enable people to get out of the benefits trap and it would contribute to the regeneration of their communities. As the alliance says: All that is needed is a change to the benefits regulations. The Consortium aims to run pilots in each English region, Scotland, Wales and Northern Ireland, to test this approach. The five-minute film, Benefits Rule, about how benefits regulations stop people from getting paid work in their community, can be viewed online at the new CREATE website (www.communityallowance.org).

Main article

**Why Participation Income Might Not Be Such a Great Idea After All**

by Jurgen De Wispelaere, Trinity College Dublin and University of Oxford

and Lindsay Stirton, University of Manchester

This note draws on a much larger research paper, ‘The Public Administration Case against Participation Income’, published in Social Service Review, 81 (3), 2007, pp. 523-549. The arguments made in the current piece are elaborated in much more detail in the published article, and we refer the interested reader to that piece.

A decade ago, the Oxford economist Tony Atkinson voiced a concern, shared by most basic income proponents, that Citizen’s Income schemes might face insurmountable political obstacles. Even where good ethical and economic reasons to favour unconditional, selective income support exist, ‘it will be difficult to secure political support for a Citizen’s Income while it remains unconditional on labour market or other activity’. As a solution Atkinson proposed to institute a participation income (PI), a social assistance program that gives up on means-testing but retains the politically salient notion of social participation. Elaborating on his proposal, Atkinson explains:

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'the qualifying conditions would include people working as an employee or self-employed, absent from work on grounds of sickness and injury, unable to work on grounds of disability and unemployed but available for work, it would also include people engaging in approved forms of education or training, caring for young, elderly or disabled dependents or undertaking approved forms of voluntary work, etc. The condition involves neither payment nor work; it is a wider definition of social contribution. 2

It should come as no surprise that PI has been well received across the basic income community. Many think it represents an acceptable ethical compromise between the values of universal inclusion and social reciprocity, and is thus capable of appeasing those critics who believe Citizen's Income will lead to free-riding on a worrying scale. Others instead believe it offers a necessary political compromise, allowing various factions within the welfare debate to converge on a scheme that appears acceptable to all.

Within the latter group, some have suggested that a PI would inevitably transform itself into a full-fledged Citizen's Income once the benefits of further relaxing eligibility conditions becomes apparent. 3 But meanwhile they are happy enough to move ahead with a scheme that is considered a close cousin to Citizen’s Income because of its wide (if not quite universal) coverage, its lack of intrusive bureaucratic control, and its recognition of the many ways in which citizens genuinely participate in social life. In short, PI seems uniquely placed to bridge the otherwise competing perspectives of unconditional basic income advocates and proponents of ‘soft workfare’ And so PI emerges as the strongest candidate of a Citizen's Income-style proposal that might actually make it into policy.

Interestingly, despite the attraction of and support for PI, precious little detailed analysis of the proposal has been carried out. This is unfortunate because there are important questions to be answered when thinking about the design and implementation of PI:

A. What sort of activities qualify as participation?
B. How will the system identify those engaging in these activities?
C. How do we ensure compliance with such a broad set of requirements? etc.

How we answer these and many related practical questions will have important implications for how we design and implement PI. And perhaps more importantly, by implication, they are likely to have a major impact on the well-being and autonomy of its recipients. Thinking seriously about the implementation of PI, however, reveals a set of problems that are masked by the overly superficial discussion of PI or ‘social participation’ more generally. Our research suggests that these problems effectively make PI administratively unstable, which in turn leads to political instability. And if we are right, then Citizen's Income advocates may have to seriously rethink whether PI is such a great idea after all.

Administering Participation Income

Looked at from a public administration point of view, any welfare program must be able to perform at least three essential tasks, if it is to make it off the drawing board:

1. it must establish operational criteria of eligibility which define the intended beneficiaries;
2. it must provide a mechanism to identify those within the population who meet these criteria of eligibility, and distinguish them from those not eligible;
3. a mechanism must exist to transfer payments to eligible beneficiaries at the appropriate level, frequency, etc.

PI is no different from any other scheme in this regard. Before deciding whether to endorse its implementation, a PI proposal must tell us 1) how one becomes eligible to receive the grant; 2) who amongst the general population ought to receive the grant; and 3) how we ensure that those who are eligible (and only those) effectively receive their entitlement. 4

Upon reflection it turns out that, at each of these points, PI does not perform as well as its advocates assume. More importantly, with respect to each of these tasks, we believe that PI is likely to be outperformed by basic income and, perhaps more surprisingly, by workfare type of policies. Needless to say, this has important consequences for the political feasibility (and desirability) of PI schemes, a point we return to at the end of this article.

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2 Atkinson, ibid., pp. 68-69
3 This includes Philippe Van Parijs, Bob Goodin, Brian Barry and Claus Offe, amongst others.
4 Citizen's Income advocates worry much less than soft workfare proponents about the ‘only those’ restriction, but if we are to seriously consider PI as a political compromise then the price of getting the scheme in place is to take social participation (and its associated restrictions) very seriously. This perspective informs our analysis of PI throughout.
A. Setting Standards

To elaborate on the claims made in the previous paragraph, consider first the problem of coming up with a set of operational standards that confer entitlements upon eligible recipients. This in fact means that we need to think how we translate the idea of PI, grounded in a broad notion of social participation, into a set of suitably precise standards or rules. One important goal is to ensure that all relevant individuals – administrators and claimants alike – can reliably determine whether a particular person is eligible or not. This proves to be much more of a challenge than one might think.

The literature on administrative rule-making suggests that reliable and suitably precise standards must have the following properties:

1. standards are clearly defined in terms that have universally acceptable meaning (transparency);
2. standards are easy to apply in practice by those who are charged with determining eligibility (accessibility);
3. standards must fit with the underlying policy objective (congruence).\(^5\)

Applying these criteria to PI immediately demonstrates the problem facing administrators. PI is based on a very broad (and relatively vague) notion of social participation. This fails as a precise operational standard simply because it leaves too much room for interpretation, with different parties likely to come up with different views on what ‘counts’ as relevant social participation. One alternative is to come up with a set of rules that describe a fixed set of very clearly specified, ‘approved’ activities, such as volunteering at least 10 hours per week, having enrolled in a vocational course, having at least one dependent to care for, and so on. But any workable list that we come up with is likely to be much more restricted than what PI proponents have in mind when they refer to social participation in a wider sense. Quite a different solution would be to go for a list that is so expansive, perhaps even open-ended, as to encompass any socially worthwhile activity one could think of; but such expansive lists are very hard to work with in practice, leading again to interpretation problems and various types of error. In short, translating the requirement of ‘social participation’ into a workable set of standards is not as straightforward as its advocates assume; it involves having to make hard practical choices with serious implications in terms of the expected outcomes of the scheme.

The real problem for PI, however, is not that setting precise standards is difficult (although it is), but that it seems much easier to do so for Citizen's Income as well as workfare policies. Because a Citizen's Income entails no conditions apart from residency, the problem of having to set a standard of eligibility literally does not arise, an argument that is much rehearsed by basic income advocates. What about workfare? Well, here the reasoning works the other way around: because workfare is a much more restrictive policy, it too faces fewer difficulties setting standards that are at the same time transparent, accessible and congruent to its underlying policy objectives. A workfare advocate who believes only labour market participation or human capital improving activities such as job training or education are socially valuable will restrict the standards to people who are either in formal employment or enrolled in approved training courses. From the point of view of setting standards this is a straightforward enough way to proceed, no matter what we might think about the justice of such restrictions.

The difficulty with PI is that it both insists on having a criterion for eligibility in order to allow for some restrictions on who receives the grant, while at the same time wanting to expand these restrictions well beyond what is being used by current welfare programmes. This position is a difficult one to maintain as we have demonstrated above, particularly when we compare PI's performance to the alternatives of Citizen's Income and workfare.

B. Identifying Beneficiaries

Let us now consider a second difficulty, again very familiar in the fields of policy analysis and public administration. Any scheme that puts conditions in place for restricting receipt of grants or services to part of the population must inevitably engage in a process of identifying eligible recipients, distinguishing them from those who (for whatever reasons) are not deemed eligible. From a public administration perspective, this implies producing and maintaining lists of individuals who satisfy the relevant criteria as well as setting up a system to monitor whether they continue to fulfil these criteria.

The main issue is one of informational demands associated with different policy schemes. Some proposals require much more information to operate in accordance with the stated or implied goals, and information is both difficult and expensive to obtain. In

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addition, high informational demands tend to produce opportunistic and strategic behaviour because individuals can employ a variety of ‘loopholes’ in the rules (creative compliance) as well as a variety of errors arising from both claimants and administrators failing to produce or appropriately assess key information. In short, the more information that is required to get a scheme working, the more difficult it is to implement that scheme in practice.

Given these difficulties, what sort of scheme would be easiest to administer given the information-gathering demands it imposes? First, following on from our discussion of standard-setting, an operational scheme must be straightforward in terms of determining what the rules of eligibility require in individual cases (what claimants must do, or not do, to become eligible), as well as concretely establishing whether they have in fact complied with these rules. Second, it is preferable that the sources of information against which such checking is done already exist, to avoid having to set up complicated and costly databases from scratch. Moreover, it would be crucial that the information base itself only infrequently changes and is not susceptible to manipulation, to ensure reliability and stability of the assessment process. Where these conditions are not met, it may be very difficult in practice to determine reliably whether eligibility criteria are met. And it may be easy to cheat, either by straightforwardly misreporting the relevant information or by more subtle techniques of ‘creative compliance’, for example where claimants register for university courses to claim their PI but have no intention of actually studying for a degree. Much of this is already familiar from the welfare administration literature.

Let us now again evaluate PI against these standards and compare its performance against that of Citizen's Income and workfare, respectively. It is easy to see how, in this particular context, the broad notion of social participation again leads to the public administrator's nightmare scenario. To begin with, unlike traditional welfare programs PI administrators cannot rely on comparatively reliable sources of information such as payroll information or university enrollment, because that only captures part of the activities that we deem appropriate. And since there are no comparative reliable sources of information for care work or volunteering, it seems PI must employ the sort of intrusive and costly bureaucratic measures (such as regular visits from case workers) that most advocates abhor and hope to avoid. A further problem arises when we reflect on how arbitrariness and local/regional inequalities may arise because of different interpretations of what constitutes approved socially valuable activities or the inconsistent application of imprecise standards, as outlined in the previous section. If PI is serious about restricting receipt of the grant to some extent - as it must, if it is to be a genuine ethical or political compromise - it must also be serious about combating creative compliance or else face diminished political and public support. Such is the logic of welfare policy.

PI's weakness in terms of the monitoring of conditions of eligibility is again best illustrated by a simple comparison with both Citizen's Income and workfare. Unsurprisingly, an unconditional Citizen's Income fares much better because of the absence of eligibility criteria and, by implication, the absence of the need to identify and monitor (and, where required, sanction) recipients. It is worth noting that there may still be good reasons why some type of monitoring would be a good idea - to ensure that each individual effectively receives their grant, for instance - but clearly there is no need to extensively monitor individuals for reasons of determining who is eligible to receive the grant. Workfare programs again perform better than PI, but for very different reasons. Because workfare determines eligibility on very restrictive grounds – being employed, actively seeking work, being registered for approved training, etc – it can piggyback on a number of ‘cadasters’ that are present in most mature welfare states. It is true that monitoring remains a costly and problematic affair for workfare programmes, but both the range of activities (and

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6 Such error can lead to both underinclusive (eligible recipients being denied a grant) and overinclusive (non-eligible individuals receiving a grant) outcomes. Again, we take no strict position on which of these types of error is worse, but simply note how the practical problem often spills over into political and even ethical assessment of the scheme at hand.

7 Obviously a failure to set a suitably precise standard for determining eligibility will spill-over into the area of determining beneficiaries.

8 One could imagine a situation where all sorts of institutions set up their own degrees, leading to a proliferation of what former UK Education Minister Margaret Hodge called ‘Mickey Mouse courses’: a B.Sc. in Surfing, anyone?

9 The worst case scenario would lead to a type of postcode lottery with your chances of obtaining a PI differing considerably depending on where you live - an unacceptable outcome for any PI advocate.

10 The basic income literature generally seems to assume that removing barriers is sufficient to ensure that everyone will flock to the grant, but fails to see that the scheme has no way of checking whether everyone effectively receives it. Or at least this is the case in those proposals that explicitly or implicitly want to do away with any type of administrative control.

11 A Cadaster is a list of assets or addresses and of their ownership. Here the term refers to lists of individuals maintained by a government.
therefore the number of institutions within which such activities take place) and the sheer volume of potential recipients (which is much lower than with either PI or Citizen’s Income) makes monitoring nevertheless more manageable than in the case of PI. So we conclude that, in this particular field, PI again performs relatively poorly when compared to Citizen’s Income and workfare.

C. Disbursing Payments

The final administrative task that a PI must perform is to disburse the payments to eligible recipients. This is a task that is never discussed in the literature on Citizen’s Income or PI, but nevertheless raises a number of concerns of note. What is required is a distribution mechanism, or ‘conduit’, which ensures that PI is disbursed effectively to all eligible recipients (and only those). Effective conduits require low or no barriers or hurdles facing recipients but in addition also promote straightforward oversight allowing administrators to check whether grants have effectively been received. The latter requirement means that a disbursement system which can be integrated into a wider administrative network that cross-checks receipt of funds is superior. Payment systems with multiple in-built redundancies – overlapping at various junctures in the claiming process – are one way to design grant delivery, though it comes at the (budgetary and organisational) cost of significantly complicating oversight. An alternative is to simplify payments radically by offering a single disbursement channel for all recipients: in addition to the lack of sufficient ‘layers’ of redundancy, problems may arise where such channels do not have a truly universal reach. For instance, homeless people often have no reliable access to a bank account which poses a problem with centralized systems that typically make use of bank payments in one way or another. One important lesson here is to be careful about so-called technological fixes where we think a mere ‘upgrade’ of the technology will resolve all administrative problems.

When it comes to delivery mechanisms, Citizen’s Income proposals typically opt for single payment channels: grants are disbursed either through the tax/credit system or, as in some proposals, through a designated debit card. This method scores highly in terms of absence of barriers, but poorly in terms of oversight and back-up systems (redundancy). Workfare schemes typically offer systems that are integrated into the administrative processes that determine eligibility; extensive interventions by case workers, no matter how much of a nuisance and intrusion we think they are, have the distinctive advantage of offering high oversight on payments and creating a valuable frontline opportunity for claimants to address any issues regarding non-payment. But this advantage of face-to-face oversight obviously comes at the cost of significant complexity.

While Citizen’s Income and workfare take opposite, but arguably equally plausible, routes for addressing problems associated with delivery systems, PI seems to share none of the strengths and all of the weaknesses with either scheme. PI cannot dispense with oversight altogether because it is not truly universal; and for that reason it cannot rely on the simplest delivery schemes. And because PI is by definition meant to be much more comprehensive and expansive than workfare, frontline oversight would be prohibitively costly and not a practical option. PI's failures in terms of delivery systems may not be decisive (we regard them as certainly less troublesome than the ones discussed before), nevertheless it is clear PI will face important difficulties and some of the solutions discussed in the literature may not be available in practice.

Administrative Difficulties, Political Implications

If the arguments presented in the previous section are plausible, we now find ourselves in a situation where PI may be intuitively attractive, yet faces considerable difficulties at the level of implementation. Needless to say, we don't think it would be wise for anyone to endorse a scheme that is manifestly unworkable. So what lessons can be learned in terms of building a political coalition around PI? Should Citizen’s Income advocates maintain their support for PI in spite of these practical concerns, or instead refocus on making Citizen’s Income itself more politically palatable?

To offer at least a partial answer to this important question, let us consider three obvious strategies that participants in a PI coalition might entertain:

- The Ironclad Administration Strategy: accept that PI is a strategy that will require considerable administrative resources, but consider this a price worth paying
- The Soft Workfare Strategy: rejecting prohibitive administrative costs means we restrict the notion of ‘social participation’ to bring PI closer to a soft workfare policy
- The Lax Enforcement Strategy: reject administrative costs as well, but now take a very lax attitude to enforcement of rules, effectively turning PI into a Citizens' Income
While the first strategy remains faithful to the goals of marrying universal inclusion and weak reciprocity, it comes at a high price. First, there are the budget and organisational costs associated with extensive bureaucracies, which in an era of budgetary conservatism and general welfare retrenchment for fiscal reasons seems to raise insurmountable difficulties. But in addition to those there are also the costs associated with intrusion and error, borne by PI recipients and even the larger population. When these costs increase, it is fair to say support for the proposed scheme is likely to plummet and therefore we do not regard it as a promising or stable strategy.

Rejecting the first alternative leaves us with two competing options: we can turn PI into a workfare or into a Citizen’s Income scheme, respectively. On the workfare alternative we emphasise those interpretations of social participation that are easy to specify, easy to monitor, happen to point at populations easily identified, and so on. Inevitably, this approach reinforces the primacy of existing practices and institutions by redrawing PI along lines that already feature prominently in current welfare programs. Such a solution is likely to be vehemently opposed by those within the Citizen’s Income movement who endorse PI precisely because it counters the current restrictive notions of productive activity as being tied to education and the labour market. And such opposition in turn will mark the political death of the PI proposal.

This then brings us to the third strategy, often floated by Citizen's Income supporters, where we allow PI to ‘erode’ gradually into a full, unconditional basic income. All this really requires is for administrators to take a very broad attitude when interpreting what counts as social participation and a correspondingly lax attitude when it comes to enforcing such requirements. This way very few individuals would find themselves de facto excluded from the scheme, and in a next phase policy-makers can then further ‘harmonize’ (read: universalize) the scheme by putting a genuine Citizen’s Income in place. The main problem with this proposal is that it invokes precisely the opposition of those PI advocates who, for ethical or political reasons, take reciprocity and free-riding seriously. Their opposition is likely to be as vehement to this strategy as the rejection of workfare-by-stealth by the Citizen's Income camp. Furthermore, there is no reason to suspect, as some Citizen’s Income advocates rather naively assume, that soft workfare supporters of PI will not pick up on any attempt to introduce (by stealth) a Citizen’s Income through the PI path. For all these reasons, we are still awaiting a convincing argument suggesting that PI will necessarily evolve into a Citizen’s Income and not into a version of a workfare scheme, which we think is equally (if not more) plausible.

Lessons for Citizen’s Income

Our analysis of some of the implementation issues in introducing a scheme that maintains an effective broad participation income suggests three related lessons for supporters of Citizen’s Income policies more generally.

First, our analysis suggests that the current enthusiasm for participation income as a political and ethical compromise capable of attracting a broad coalition of support is probably illusory. The illusion persists only because of the lack of detailed analysis of PI so far, and we argue that we must consider the practical impact of the scheme’s design in earnest before rushing to embrace a policy like PI, no matter how intuitively appealing for Citizen’s Income advocates.

Next, our analysis offers important insights in the debate about the political feasibility of PI and related schemes. We firmly believe that any political compromise around such a scheme must be credible in the sense that it must be capable of reassuring different factions, each firmly holding on to a distinctive set of ethical and political priorities, and that the compromise won't come unstuck, favouring one side or another, in the process of implementation. It is because of PI's failure on this count that we claim that administrative instability is likely to lead to political instability.

Finally, at the most general level, we hope that we have demonstrated the importance of taking administrative analysis much more seriously when considering PI, Citizen’s Income and related policies. Much of our work arises from a discontent with how Citizen’s Income advocates fail to appreciate what the field of public administration can bring to the debate. Contrary to the so-called ‘transmission-belt’ model of administrative analysis, where implementation only appears on the scene after ethical, political and economic questions have been resolved, we firmly believe that a public administration perspective offers key insights into how various Citizen’s Income policies should be designed and implemented. If we want to move the debate from ideas into policy, this is a perspective that Citizen’s Income advocates ignore at their own peril.
Conference report

The United States Basic Income Guarantee Network conference, 7th to 9th March, 2008

At a time when the United States contemplates political life after Bush, the USBIG network held its 7th Annual Congress at the Park Plaza Hotel in Boston, Massachusetts on the aptly themed topic ‘Framing a BIG Discussion for the Next Election and Beyond’. As before, the conference was organised as part of the Eastern Economics Association (EEA) annual meeting.

The congress featured the usual mixture of academics, policy analysts and grassroots activists that USBIG aficionados have come to appreciate. In the context of USBIG this occasionally volatile mix always seems to lead to interesting engagement across the divides. And so it was this time round: USBIG 2008 brought participants the usual mixture of philosophical reflection and hard-nosed political analysis, flavoured with a good dose of unabashed optimism that sets apart many a basic income conference.

Papers ranged from discussions of poverty (Collins, Butler, Lightman and Gee Um) the importance of work (Standing, Roy, Harvey and Smith), theoretical reflections about freedom (Widerquist, Harvey, Howard, Oberman and Jubb) or the religious basis of the BI proposal (Clark and Farris), to detailed discussions of BI in various countries, including the US (Sheahan and Shafarman), South-Africa (Wamai), Canada (Mulvale) and Ireland (Healy and Reynolds) and more general presentations on the politics of BIG (Vanderborght and De Wispelaere), amongst other topics.

Highlights included Guy Standing’s engaging outline of the new pilot project set up by the Basic Income Grant Coalition in the rural village of Otjivero, Namibia (see http://www.bignam.org/page5.html). Equally unforgettable was Eduardo Suplicy’s video account of his recent trip to Baghdad, recording his lobbying efforts in persuading the Iraqi government to adopt a BIG. Those who want to hear one of BIG’s most charismatic advocates link up the thought of Tom Paine and James Meade with the Koran, while wearing full protective battle gear, should consult the video at http://www.senado.gov.br/eduardosuplicy/Audio/audio_english.asp#.

One minor point was the comparatively low turnout: it appears the congress did not really succeed in attracting many of the regular EEA attendants, which is a bit of a shame. Then again, the fact that the USBIG session was neatly tucked away in a corner of a long, winding corridor may well have had something to do with this. And perhaps the congress featured rather too many non-US invited speakers: while a cast dominated by Belgians and Irish speakers may be a refreshing novelty in Boston, it must at times have come across as a bit too European for the regular participants. Nevertheless the USBIG organizing committee is to be congratulated for yet again bringing us another successful conference. We already look forward to USBIG 2009.

The program and selected papers are available for consultation on the USBIG website at www.usbig.net.

Jurgen De Wispelaere, Oxford

Reviews

Luigino Brunl and Pier Luigi Porta (eds), Handbook on the Economics of Happiness, Edward Elgar, 2007, xxxvii + 596 pp, hbk, 978 1 84376 826 7, £150

Start with chapter 2. This will introduce you to a wide variety of definitions of happiness: from Genovesi’s happiness as social relations (an idea connected to Aristotle’s vision of the virtuous man ‘living well’ by serving his city), to Adam Smith’s understanding that wealth and happiness are by no means directly correlated, to Alfred Marshall’s compromise (extreme poverty makes happiness difficult to achieve), to Bentham’s utilitarianism and happiness as psychological hedonism, and to rational choice theory and the question of the relationship between happiness and indifference curves. This chapter, which started life as an article in the Journal of the History of Economic Thought, concludes with a series of vital questions, the most important of which is: ‘The whole theoretical building of modern economics has been grounded on the key idea that an increase in wealth will lead to an increase in wellbeing, or happiness …. If, instead, having more economic goods does not lead to well-being but to bad-being, if ‘goods’ become ‘bads’ (because they make living unhappy ….), then the very philosophical and social bases of the job of the political economist are called into question’ (p.45). This chapter raises all sorts of interesting questions about the definition of ‘happiness’ and the definition of ‘economics’, as does the book as a whole – which is why this chapter is a good place to start.

Clearly I can’t treat each of the twenty-four very different contributions to this book with the same degree of detail as that. Of the book as a whole I would
say that it really is a treasure-store of good things, and at the same time it is a deconstruction of the boundaries we often assume between disciplines. There is ethics, political economy, history, philosophy, social science, and theology (‘God, 115’ ought to be in the index). There is much discussion of the meaning of ‘happiness’ and of its relationship to ‘choice’, ‘preference’, ‘pleasure’, etc. (and maybe there should have been more discussion of the meaning of ‘economics’), and there is debate of various paradoxes of happiness (e.g., pp.233ff) and particularly of the finding that in developed countries increased income does not result in increased happiness. On why this might be the case chapter 13 argues that technological innovation makes nonrelational goods cheaper in relation to relational goods – and if, as many of the chapters suggest, it is such relational goods as time with friends, places to meet, the arts, etc. which generate happiness (understood as social and public happiness) then happiness will decline and individual hedonism will increase.

Whether you’re looking for economic realities expressed through mathematical formulae, classical history, Immanuel Kant’s ethics, or sustainable development, there’s something here for you.

No short book review can do justice to this wide-ranging and thought-provoking collection. I suggest that you read it. I wouldn’t recommend that you buy it: you can probably see why. Ask your library to obtain it, and then borrow it.


This book consists of papers from a conference organized by the European Union’s Finnish Presidency in 2006 to examine social security and health care systems from a European perspective; for, whilst such systems are organized by nation states, they are increasingly influenced by a European context. The EU is responsible for social inclusion, competition policy, employment policies, economic policies, and the free movement of EU nations’ citizens and their ability to seek employment anywhere in the EU, and these responsibilities are having a considerable impact on health and social security policies in nation states.

The papers published here examine social protection and health policies in eleven nation states and ask to what extent a European social model has influenced them. What emerges from the papers is the considerable diversity of social security systems in member states, a growing understanding that ‘the institutional design of social protection systems and the incentives they create for organisations, households and individuals [are] more important factors in explaining differences in economic and employment performance than the absolute levels of social expenditure or replacement rates of certain benefits’ (p.5), and a widespread debate about relationships between the internal market, competition law and national social security systems.

It is no surprise that the chapter on the UK, appropriately titled ‘The United Kingdom: more an economic than a social European’, concludes that

‘the UK perspective is that social policy is best left to Member States. … The government is undoubtedly anxious about, and embarrassed by, its poor record on poverty and inequality. But it is much prouder of its record with respect to relatively high economic growth and relatively low unemployment.’ (pp.57-8)

The conclusions of most of the other chapters are rather more ambiguous, but there is a clear desire on the part of the nation states with the largest economies to maintain national control over social security policy.

The editors conclude: ‘We find strong evidence at the EU level pointing towards the Europeanisation of social protection. In short, not only the Council but also the Commission have been increasingly active in social protection issues’ (p.19).

On the evidence presented this seems a little too optimistic in relation to the larger economics; but the situation is very different in relation to Denmark, Finland, the Netherlands, the Czech Republic, and Spain. Here there is increasing willingness to see further EU involvement in social policy.

Eventually the debate could go either way: towards the entrenchment of national systems, or towards greater co-ordination and eventual convergence. Whichever way it goes it will be a slow and complex process. Maybe one way forward might be for the EU to establish a social protection policy agenda alongside the very different national systems. Such a two-tier solution would leave states able to develop their own policies in line with their own social needs and would provide a European social protection system coherent with the free movement of EU citizens between member states and with the increasing Europeanisation of economic policy.

A European Citizen’s Income would do nicely.
Martina Klett-Davies, Going it Alone? Ashgate, 2007, 166 pp, hbk, 978 0 7546 4388 3, £55

‘The nuclear family consisting of a father, mother and their child or children is declining; divorce and cohabitation rates are increasing rapidly …. women are having their children at a much later age and having fewer children than ever before … But the most striking change in family composition has been the escalating number of lone parent families’ (p.1) – and usually it’s mother and child or children.

This book is a study of how lone mothers in Germany (where 20% of mothers are lone mothers) and in Britain (25%) understand themselves as carers, dependents or paid workers in relation to the welfare state, and it reveals a wide diversity of experience, suggesting that to define lone mothers as a single category might not be the best route to understanding a complex situation. The study reveals several contradictions, and in particular that between the welfare state as an instrument of oppression and the welfare state as an escape from both private patriarchy (the male-dominated family) and public patriarchy (in the workplace).

Klett-Davies shows that many lone mothers in poverty engineer rich social lives for themselves and their children, and that many poor mothers end up better off financially when they leave a marriage; and more generally she finds that lone mothers are firmly part of late modernity’s trend towards an individualization in the context of which people create their own destinies and thus a ‘reflexive modernity’.

This book will be of use both to those with a particular interest in lone motherhood and to those with an interest in broader social trends, because each chapter relates to Klett-Davies’ study of 70 lone mothers and also to important concepts, theories and institutions. Chapter 2 rehearses a variety of social science discourses (‘social threat’, ‘social problem’, etc.); chapter 3 discusses late modernity and individualization; and chapter 4 lone mothers’ relationships to the welfare state in Germany and Britain. The author shows how the British Government’s benefits, taxation and active labour market policies position lone mothers as employees rather than as caregivers and at the same time punishes them in the labour market with a severe poverty trap (pp.46ff). Policy on the family has become an arm of employment policy (p.48). Klett-Davies’ solution is 1. a Citizen’s Income and 2. men becoming more competent in flexible paid work as well as in care and family work (p.49).

Chapter 5 records lone mothers’ experience of paid employment (they see themselves primarily as mothers and see employment as both a means to that end and as a preparation for post-childcare employment). Chapter 6 discusses the use of type categories in social research such as this study and formulates variables to enable lone mothers to be categorised; and the following chapters record the experiences of mothers the author has placed in the categories she develops: ‘pioneers’, ‘copers’, ‘strugglers’, and ‘borderliners’. The final chapter discusses differences between the experiences of German and British lone mothers (more changes occur with the age of the child in Germany than in Britain) and suggests policy implications of the research results. The policy suggestions are in the fields of employment, childrearing, and education. The suggestions made in ch.4 in relation to the benefits and tax system are not reiterated here, and they should have been. A final section returns to the notion of individualization as a means to understand a complex picture.

This well-written and thorough book will serve students and researchers well, and it will also be of considerable use to policy-makers.

**Viewpoint**

**What does the Stone Age have to do with us?**

Karl Widerquist, University of Reading, Karl@Widerquist.com

What does the Stone Age have to do with modern justice? According to property rights advocates: everything.

Property rights advocates claim that government regulation, taxation and redistribution violate the rights of property holders. Where do these rights come from, and do they come with responsibilities? The detailed argument for strong private property rights relies on two important claims. (1) Property began as private property; governments interfered with it later. (2) Private property hurts no one; everyone today is better off than our Stone Age ancestors.

Property rights advocates often make these claims without any reference to evidence. How do we know property began as private property; governments interfered with it later. (2) Private property hurts no one; everyone today is better off than our Stone Age ancestors.

Property rights advocates often make these claims without any reference to evidence. How do we know property began as private property? How do we know everyone is better off today? These claims do not hold up in the light of evidence which have I found in anthropological studies, including *Stone Age Economics* by Marshall Sahlins (1974), *Bronze Age Economics* and *How Chiefs Come to Power by
Timothy Earle (1997; 2002), and *The Evolution of Political Society* by Morton Fried (1967).

In the earliest agricultural societies land was owned (if at all) by villages or large extended families with each individual having the right to use it. In societies where property rights had become exclusive, the original owners were not businessmen but chiefs. Ownership of resources was synonymous with ownership of the government, because early economies were too simple to support separate spheres of power such as government, religion, and business. All of these powers were usually vested in one person. The Hawaiian Islands provide a relatively recent example of the creation of property rights. After the first few centuries of human settlement, each major Hawaiian Island was run by a chief whose authority came from his ownership of land and irrigation systems. Chiefs appointed local lords to allocate land to peasants in exchange for service to the chief. In short, each chief ran his island as a for-profit business.

Property rights advocates sometimes claim that only recent history matters, but taxation is not new. Government taxation is simply the exercise of a right that Western governments have held since they were kingdoms. Western private property rights were created when the titles of medieval vassals gradually became tradeable. If the property rights system that the king set up is unjust, his rights belong to his people, not to the people who hold the titles he bestowed. Revoking the king’s power to tax his title holders has about as much to do with ‘freedom from interference’ as redistribution from landlords to tenants or stockholders to management.

Property rights advocates’ second claim (that a capitalist economy makes everyone better off than a hunter-gatherer economy) can be informed by observations of hunter-gatherer communities that survived into modern times. Stone Age people from the arctic to the tropics lived surprisingly carefree lives. They worked an average of three to four hours per day (including commuting and cooking). They slept more than we do. They appeared to feel secure about their ability to always find necessities. They worked at their own pace, and they never had to answer to a boss. No one gave orders and no one was excluded from the resources they needed to survive.

The average modern worker has more access to luxuries, better medical care, and a longer life expectancy than a hunter-gatherer. But he or she works longer and harder, follows orders, and has less economic security. Even though the average modern worker lives longer, some die younger of preventable complications of poverty such as malnutrition and exposure. In short, the transition from hunter-gatherer society to modern capitalism has not been an unequivocal improvement; it has been a tradeoff. But a tradeoff is not good enough to meet the standards that property rights advocates set for themselves.

I did not put forward the standard that the poor must be at least as well off as their Stone Age ancestors. Property rights advocates chose it because they thought it was easy to meet. It is. A society, as productive as ours, can easily make everyone far better off than they would be as hunter-gatherers. To do so, we need to make sure that everyone has access to some minimally acceptable standard of living without having to follow anyone’s orders. Perhaps we can require them to take orders if they want to share the luxuries that capitalism produces, but we should recognize, as our Stone Age ancestors did, that it is wrong for anyone to come between a human being and the resources she needs to survive.

An unconditional basic income guarantee might be the only policy that can do that. The only way to live in modern society without being subject to some else’s orders is to have money. We, the better off, haven’t done even the least we can do to justify our property rights, because we have convinced ourselves that we have the right to boss around the poor. We have property, and they don’t; therefore, supposedly, we have the right to make them do what we say for 40 hours per week. Yet, anthropological evidence shows that our property rights come between the poor and their ability to meet their own needs with surprisingly little effort. Even by the standards set by property rights advocates—the poor do not owe us anything; we owe them.

**Bibliography**


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