

Citizen's Income *newsletter*

2010, issue 1

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Citizen's Income Newsletter

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Editorial

Our review article about the rightly fêted book *The Spirit Level* asks that we go deeper into the causes of inequality than the authors have been able to do, but we can only applaud the book's message: that inequality matters, why it occurs matters, the damage that it does matters, and so seeking greater equality matters. But there has often been an understandable worry that social policy designed to create a more

equal society might make the economy less efficient. Lilia Costabile's book on European social policy, also reviewed here, hasn't received anything like the publicity generated for and by *The Spirit Level*, but it is at least as important because it shows that social protection measures don't necessarily make an economy less efficient.

These books have important consequences for the debate on the desirability and feasibility of a Citizen's Income: We no longer have to regard economic efficiency and greater social equality as mutually exclusive: indeed, we can regard them as complementary and as mutually reinforcing. A social policy which promotes both should therefore be particularly welcome.

There is a General Election on the way, and it will soon be time to discuss some new directions. If all of our major political parties were to recognise and state that equality and economic efficiency can be mutually reinforcing, and that economic and social policy belong together, it could move us into a new era of the debate on the desirability of universal benefits. A Citizen's Income is one of those social policies which would promote both greater economic efficiency and greater equality. If the Citizen's Income Trust can help by contributing to the necessary debate, then we shall of course be very pleased to participate.

Progress report

We know that there is nothing very significant about the decade digit clicking over between the 31st December 2009 and the 1st January 2010, but as much of the rest of the world is reviewing the past decade, so we are taking this opportunity to review the Citizen's Income Trust's work during the past decade and also to look to the future.

Achievements

Since 2001 we have published the *Citizen's Income Newsletter* three times a year, kept our mailing list up to date, maintained a library, responded to numerous requests for information, and updated our website (which receives between 200 and 400 unique visits a day). We have also run successful questionnaire surveys of the House of Commons and the House of Lords, organized an essay prize, participated in conferences, submitted evidence to the House of Commons Work and Pensions Committee's *Benefits Simplification* inquiry (and printed the evidence as a booklet), published a leaflet/poster for students, and

run a seminar series. We have done all of this on a shoestring budget and voluntary labour, and we are enormously grateful to the many people who have helped us with all of this activity.

Some questions about future activity

We would be interested in our readers' responses to a number of questions:

Our first question is: During the past decade much of our activity has been reactive rather than proactive. *Should we now be planning to be proactive? - that is, should we be creating opportunities for debate rather than waiting for them to present themselves?*

A little while ago the trustees developed a plan for a commission on the reform of the tax and benefits system and on a Citizen's Income as a particular reform option. The process would be to gather expert groups to tackle particular issues related to the feasibility, desirability and implementation of a Citizen's Income; to publish working papers; to consult on the working papers; to fill gaps in research which the consultation revealed; to hold a conference or conferences; and to publish interim and final reports. An important inspiration for these ideas was the large number of respondents to our House of Commons and House of Lords questionnaire who asked for a commission of inquiry of some kind to study the tax and benefits system as a whole and the options available for its reform.

So our second question is: *Is now the right time to undertake such a project?*

If the answer is 'yes' then our third question has to be:

Where should we seek the financial and human resources which we shall need in order to carry out such a project?

Funding our kind of work is particularly difficult because the promotion of debate on tax and benefits reform is not among the grant-making criteria of any grant-awarding trust.

The fourth question must be: *What help might you be able to give with either funding such a project or offering expert voluntary labour?*

So, please tell us what you think.

News

The **Centre for Social Justice** has published a report, *Dynamic Benefits*, which recommends a standard total withdrawal rate for means-tested benefits of 55%. The Centre's 'Universal Credits Scheme' combines various

benefits and also aligns them with in-work tax credits and gives the responsibility for the payment of all of the credits to a single agency. The Citizen's Income Trust has written to the CSJ to suggest that their scheme is just two steps away from a Citizen's Income. All that's required is to turn tax allowances into a cash payment and then to combine all of the payments in the scheme into a single payment to every citizen. To read the report go to www.centreforsocialjustice.org.uk/default.asp?pageRef=266

Twenty-seven charities have called on the Government to set ambitious targets to improve take-up of welfare benefits and tax credits. More than £16 billion in means-tested benefits and tax credits currently goes unclaimed every year, and as many as four out of five low paid workers without children (1.2bn households) miss out on tax credits worth at least £38 per week - a total of £1.9 billion. Housing benefit, council tax benefit, child tax credit and pension credit are also particularly susceptible to underclaiming. Citizens Advice Chief Executive David Harker said: 'The government has made a serious commitment to eradicate child and pensioner poverty, and to help the working poor, yet up to £10.5 billion of means tested benefits and £6.2 billion of tax credits remain unpaid each year. ... The benefits and tax credits system is extremely complicated and the reasons people don't claim what they're due are complex, ranging from simply not knowing about the benefit concerned, to being put off by what can sometimes seem a very daunting process, to feeling that the amount they gain will be negligible.' For further details see www.citizensadvice.org.uk/press_office201022

2010 is the **European Year for Combating Poverty and Social Exclusion**. The year's objectives are to 'encourage involvement and political commitment from each and every segment of society to participate in the fight against poverty and social exclusion, from the European to the local level, whether public or private; to inspire each and every European citizen to participate in the fight against poverty and social exclusion; to give voice to the concerns and needs of people experiencing poverty and social exclusion; to engage with civil society and non-governmental organisations that fight poverty and social exclusion; to help deconstruct stereotypes and stigmas attached to poverty and social exclusion; to promote a society that sustains and develops quality of life, social well-being and equal opportunities for all; and to boost solidarity between generations and ensure sustainable development.' www.2010againstpoverty.europa.eu

The **International Labour Office** has published a website, *Global Extension of Social Security*, www.socialsecurityextension.org/gimi/gess/ShowWiki.do?wid=59: a most valuable source of information on social security systems around the world. Readers can use a variety of criteria to search the matrix: impact, kind of benefits, specific groups, category of programme, or region/country.

Since the 2nd November 2009, **Child Benefit** has been disregarded when Housing Benefit is claimed. www.opsi.gov.uk/si/si2009/uksi_20091848_en_1

Two reports published by the **Institute for Fiscal Studies** in 2009 complement each other. *Poverty and Inequality in the UK: 2009* reveals recent slow growth in take-home incomes, and between 1997 and 2008 consistent growth in income inequality, with 'the lowest growth at the very bottom of the income distribution over this period and the fastest growth at the very top' (p.1). Inequality has accelerated during Labour's third term, and both relative poverty in general and child poverty in particular have risen. The second report, *Micro-simulating child poverty in 2010 and 2020*, does precisely that, and predicts that by 2010 child poverty will have fallen by a third since 1998 but that it will remain 600,000 higher than the Government's target. If current uprating rules remain in place then child poverty will remain well above target in 2020. Both reports contain useful appendices on methodology.

The Department for Work and Pensions has launched '**Benefits adviser**': a website which enables claimants 'to obtain an estimate of the amount of benefit they may be awarded. In addition, customers will be able to enter potential new circumstances to see how this would affect their benefits, for example, if they would be financially better off in work. The service will make it clear that financial information given is an estimate only.' www.direct.gov.uk/benefitsadviser

In their recent report *The Great Transition*, the **New Economics Foundation** argues that a complete restructuring of society and the economy is required. In particular the authors recommend 'the creation of Citizens' Endowments of up to £25,000 for all people on reaching the age of 21 to enable them to invest in their future, as well as Community Endowments to provide commonly owned assets to invest in our local neighbourhoods. Both would be funded by a proposed increase in inheritance tax on all estates to 67%.' www.neweconomics.org/publications/the-great-transition

Compass has published a report, *In Place of Cuts: Tax reform to build a fairer society*, which shows in graphic form (p.15) the seriousness of tax inequality. Earners in the lowest decile pay 46% of their gross income in taxation and earners in the highest decile 34.2%. An important reason for the inequality is the regressive nature of VAT. The report recommends a variety of changes to the tax system, including National Insurance Contributions. The report does not discuss the benefits system nor its relationship to taxation. www.compassonline.org.uk/publications

In an article in **Social Policy and Administration**, Peter Lloyd-Sherlock reports on research which shows that in Latin America, where social security provision relies largely on social insurance entitlements, the impact of social spending on income distribution is highly inequitable. The poorest quintile receives 18.6% of spending and the richest quintile 28% (Peter Lloyd-Sherlock, 'Social Policy and Inequality in Latin America: A Review of Recent Trends', *Social Policy and Administration*, vol.43, no.4, August 2009, pp.347-363)

Social Policy and Administration has also published research on recent pension reforms. 'The current financial crisis calls the strategies into question in an even sharper form; individuals are less likely to have the resources to devote to long-term savings, especially in any [defined contribution] scheme where returns cannot be guaranteed; the government will not underwrite pension savings, other than for the rapidly diminishing number of [defined benefit] schemes; financially literate investors, having been educated to recognize the problem of investment risks, are likely to act in rational ways and opt out of personal accounts. New Labour claims to be seriously committed to securing reasonable incomes for retirees, but to realize this commitment could require radically rethinking not just the tools of policy but also the underlying policy framework.' (Barbara Waive, 'New Labour and Pensions Reform: Security in Retirement?' *Social Policy and Administration*, vol.43, no.7, December 2009, pp.754-771)

The **Joseph Rowntree Foundation** has published the results of its research project on public attitudes to poverty: 'Surveys suggest that public attitudes towards those experiencing poverty are harshly judgemental or view poverty and inequality as inevitable. But when people are better informed about inequality and life on a low income, they are more supportive of measures to reduce poverty and inequality.' The authors call for 'a long-term programme involving government, civil society, media and private sector organisations [which]

is needed for sustained attitude change and to build public awareness that solutions to poverty need a societywide response.' To read the report go to www.jrf.org.uk/publications/public-support-eradicating-poverty-uk

Correction: At the top of page 9 of issue 3 of the *Citizen's Income Newsletter* for 2009 'FBI' should read 'FCI'. We apologise for the error.

Conference announcement

The thirteenth BIEN congress, *Basic Income as an Instrument for Justice and Peace*

will be held in Sao Paulo, Brazil, from the 30th June to the 2nd July 2010.

The organizers write: 'For the very first time in its history, the international basic income network will hold a meeting in Latin America, more specifically in Brazil. Every other year researchers, scholars, policy makers and politicians from different parts of the world get together to discuss alternatives that could lead to the promotion and implementation of an elementary principle of social justice: the guarantee of a monetary income, of equal value, unconditional and free of *quid pro quo*, to all citizens that are members of a community. This debate arose in Europe over 20 years ago and today it integrates the agenda of discussions on socioeconomic rights in the developing countries as well. Ideas, experiences and new designs for public policies will be addressed by specialists and several guests for three days.'

The organizers are asking for submissions of papers and proposals for panels. The deadline is the February 25th 2010.

For further details, please see the website: www.bien2010brasil.com

Review article

Richard Wilkinson and Kate Pickett, *The Spirit Level: Why More Equal Societies Almost Always Do Better*, Allen Lane, 2009, xvii + 331 pp, hbk, 1 846 14039 6, £20

We don't often give to a book a review article rather than a review, but this book is important, it has generated a significant amount of debate, it will prove to be significant, and it raises interesting questions which are well worth pursuing.

The authors are epidemiologists and they bring research tools normally applied to the study of how and why diseases spread in populations to the study of a broader range of social ills. The book is packed full of useful and interesting data. It would have contained more of it if more had been available, but the authors found that data on hierarchies of wealth and on educational attainment are less available for the whole range of countries they were studying than is data on income inequality (p.27), so income inequality comes to stand for inequality in general.

Richard Layard has shown in his book *Happiness* (2006) that as GDP rises happiness rises and then plateaus; and in this book Wilkinson and Pickett show that the same applies to life expectancy, health, and other social indicators. But whereas *between* wealthier societies average income makes little difference to the levels of social indicators, *within* societies a very different picture emerges: 'Richer people tend, on average, to be healthier and happier than poorer people in the same society' (p.13). The researchers' main finding is that levels of income inequality and levels of social and health problems correlate very closely with each other (p.20), and they draw the conclusion that inequality *causes* a variety of social failings.

But this isn't just an exploratory work: it is a call to action. The authors have themselves set up a not-for-profit trust to disseminate their findings, deliver understanding of the connections that they have discovered, and promote action to reduce the inequality which they believe to be the root cause of social ills. The final part of the book is full of proposals for action: the kind of childcare we are now seeing in the Sure Start programme; employee ownership of companies; reductions in CEO pay; and changing tax and benefits policies (- there ought to have been rather more on this because the authors themselves recognise that it is 'the most obvious way' to influence income differences (p.263)). A Citizen's Income gets a brief mention.

The importance of this book is that no longer will anybody be able to say the income inequality doesn't matter.

And so the questions which the book raises:

Causality and paradigm shifts

A particularly interesting question is that of causality. Many of the chapters contain discussions on how inequality and/or income inequality cause the levels of health and other social indicators: levels of trust, mental illness, life expectancy, infant mortality, obesity, educational performance, teenage pregnancy,

murder rates, imprisonment rates and social mobility. The authors take income equality as a signal of a more general social inequality, and then treat that as the causal factor.

As David Hume suggests: ‘When we look about us towards external objects, and consider the operation of causes, we are never able, in a single instance, to discover any power or necessary connexion; any quality, which binds the effects to the cause, and renders the one an infallible consequence of the other. We only find, that the one does actually, in fact, follow the other,’ (Hume 2008, ch.1, § iv). Owens 1992 and Sosa and Tooley 1993 are more recent treatments of the problematic notion of causality, and they, like Hume and the book under review (p.62), raise the question as to whether a coincidence of phenomena can ever lead to a proper conclusion that one action *causes* the other. They also raise the question as to whether we can even say what we mean by the word ‘cause’.

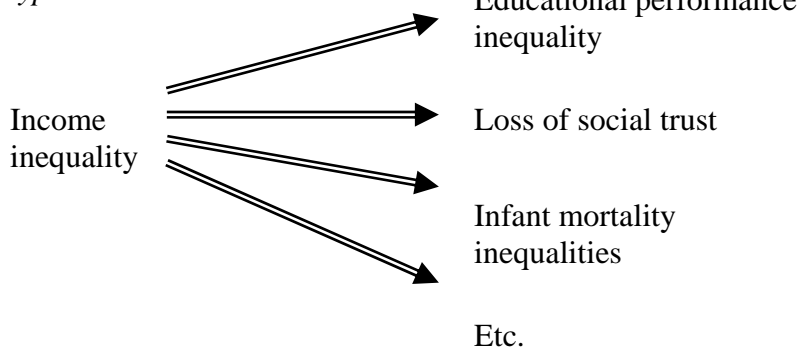
I shall continue to employ the notion of cause in this article whilst recognising that we can't be sure what the term means or whether causality is operating between inequality and social ills – because, as Immanuel Kant suggests, without the notion of causality we find it impossible to reason about anything.

A subsequent question is this: If there is a correlation between income inequality and other social ills, then in which direction does causality operate? Are social ills the result of inequality, or is inequality the result of social ills? And what would it take to prove such a causal link?

Unfortunately the notion of proof is just as difficult as the idea of causality. Karl Popper (2002) suggests that science comprises a set of bold hypotheses which we can falsify but which we cannot prove. What we can do is seek evidence which supports a hypothesis and thus construct a cumulative argument. Thomas Kuhn

In diagrammatic form:

The Wilkinson / Pickett hypothesis



(1970) shows how a paradigm shift occurs and coheres within scientific communities and thus forms the basis for further exploration. The book under review is a useful step along the way towards understanding how our society functions, and thus helps to build the foundations for a new paradigm. Further research on the different kinds of inequality (educational attainment, housing, social capital, income, power, relationships with powerful people, etc.) and on how they relate to each other, and also research on the extent to which a generalised ‘inequality’ exists and relates to particular kinds of equality, will help to build such a new paradigm and provide an even firmer basis for further useful research.

Social structures and processes

The general inequality to which the particular inequalities belong, and with which the levels of social ills correlate, might in former times have been spoken of in terms of social class. This raises the issue as to whether underlying the different kinds of inequality is a fundamental social hierarchy. Here is another issue deserving further research. If there is such a social hierarchy then it might be that hierarchy which is the independent variable, and income inequality and other particular inequalities which are dependent variables alongside the social ills which the authors find to be related to them.

The authors have offered us a hypothesis: that income inequality causes social ills. I would like to take the argument one step further and offer an additional hypothesis: that a deep-seated social structure (which we might call a social class structure, but we shall need to revisit the meaning of that term if we are going to use it) is a causal factor in constructing social infrastructures (of education, income distribution, healthcare, community engagement, etc.) and that those infrastructures result in inequalities which correlate closely with each other.

The additional hypothesis

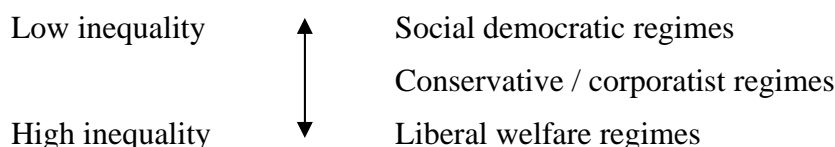
	Policy area	Instruments	outcome
Social class structures	→ Educational infrastructures	→ Public schooling for some, private schooling for others, admissions policies benefiting some and not others, etc.	→ Educational performance outcomes
	→ Tax/benefit structures	→ Poverty traps and high marginal deduction rates for some, subsidies and low marginal deduction rates for others	→ Income inequality
	→ Environment, housing, segmented society, etc.	→ Warm and dry housing with safe outdoor space for some, not for others; quiet space for homework for some, not for others; connections leading to jobs for some, not for others, etc.	→ Social, health, and wealth outcomes

To offer an additional hypothesis brings with it an obligation to find supporting evidence (evidence which supports it, not evidence which proves it). Esping-Andersen categorises 'welfare regimes' thus:

Type of welfare regime	Character	Represented by
Social democratic regime	The state is committed to full employment, generous universalist welfare benefits, income redistribution, &c	Scandinavian countries
Conservative / corporatist regimes	Occupationally segregated benefits	Germany, France, Austria
Liberal welfare regimes	Selective provision and a residual safety net for the poor	USA, UK, Australia

(See G. Esping-Andersen, *The Three Worlds of Welfare Capitalism*, Polity Press, 1989)

The welfare regimes correlate with income inequality in different countries thus:



The close correlation suggests that the structure of welfare provision causes income inequality. If the class structure of a society relates closely to the type of welfare regime then Esping-Andersen's categorisation supports the first line of the table representing the additional hypothesis. This suggests that income inequality is a *dependent* variable, and that the additional hypothesis might offer a useful description of causal links.

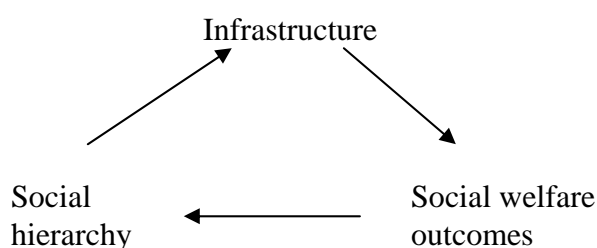
I suspect that underlying different income inequality outcomes is the extent to which Esping-Andersen's regimes apply different rules to different groups within a society. Here the detail matters. The Department for Work and Pensions Tax Benefit Model Tables (<http://www.dwp.gov.uk/asd/tbmt.asp>) show that many households on low incomes experience marginal deduction rates of 95%, i.e., for every additional pound they earn they keep only 5p: whereas those who earn most keep 59p of every extra pound earned. Income inequality is *bound* to be the

result. Thus in a liberal welfare regime which relies heavily on means-testing the structure results in increasing income inequality. It is such detailed consideration of the *structures* of welfare provision (for instance, of the different types of secondary school, their different admissions systems, and those systems' privileging of middle class behaviour) that might reveal the complex causal pathways which result in a correlation between income inequality and other social indicators.

Complex roots of inequalities

At the end of ch.6 Japan and Russia are compared. The former has high income equality and good health indicators, the latter high income inequality and poor health indicators. The detail of the two examples suggests that a bundle of factors relating to economic and legal structures, history, and politics, might be the independent variables behind both income inequality and health outcomes, as the additional hypothesis suggests. Similarly, the evidence adduced

for a statement on pp.168-9 that income inequality leads to lower social mobility suggests that it's feeling comfortable amongst people like ourselves which improves health and social outcomes, and when discussing educational performance the authors find that parents' educational attainments affect both household income and one's children's educational attainments. In a number of places the authors show how chemical factors (for instance, cortisol release when we are stressed, inhibiting our ability to think) affect social and health indicators. Such evident complexity supports the existence of the left hand column in the diagram of the additional hypothesis. There is a social hierarchy with complex roots; it is this which in different ways drives the structures of welfare provision; it is these structures which determine income inequality and other health and social indicators; and these inequalities in their turn reinforce the social hierarchy, thus creating a circular model, as shown in the diagram below:



The authors' own discussion of possible causal routes on pp.188ff could lead us to the additional hypothesis outlined above, and it could also provide additional support for their listing of Citizen's Income amongst the actions for which they call. A Citizen's Income would redistribute income, and would thus be an action related to the authors' hypothesis; but it would also reduce marginal deduction rates and thus encourage low earners to earn more by enabling them to keep more of the additional money they would earn. It would therefore change for the better the *structure* of welfare provision, as the additional hypothesis requires.

In every social policy area, changing the structure of provision will change outcomes. For instance: to remove private schools' charitable status would reduce the numbers going to them, which would bring more bright middle-class children and their parents into the state system, which would improve state schooling, which would affect educational outcomes. To cease to allow voluntary aided schools to set their own admissions criteria would have a similar effect.

In the field in which we are most interested here, we need policy changes which will result in alteration to the *structure* of welfare provision as this would change the ways in which the system redistributes income. The one prescription would therefore satisfy the ways in which both of our hypotheses call for action. In this instance, changing only the symptom might make matters worse if additional means-testing is used to redistribute income, for that would only increase marginal deduction rates (as more benefits would be withdrawn as earned income rose) and would thus dig people deeper into poverty. In this, as in all other policy areas, it's the structure which requires attention as well as the symptom.

Conclusions

Wilkinson and Pickett are to be highly congratulated on a book which has started an essential debate; and the publisher is to be congratulated on the book's production (though the index is incomplete, there is no bibliography, and the cartoons are a matter of taste).

This review is a contribution to the debate which now needs to happen. We look forward to seeing many more contributions to it. As the authors say, 'in the course of our research we became aware that almost all problems which are more common at the bottom of the social ladder are more common in more unequal societies' (p.18). Yes, indeed. So what needs changing is the length of the 'social ladder'. The more equalities we can introduce into our social infrastructure, the more the ladder will shorten, particularly for the next generation. Whilst a Citizen's Income on its own wouldn't complete that task, it would surely make a substantial contribution to it.

The authors have shown that there is a significant correlation between income inequality and various health and other social indicators. What we now require is a broad debate about a) what the causal links might be; and b) what we should therefore do.

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Reviews

Guy Standing, *Work after Globalization: Building Occupational Citizenship*, Edward Elgar, 2009, xi + 366 pp, hb, 1 84844 164 4, £89.95

This is an important book with a monumental scope. Guy Standing reviews the sweep of labour conditions since before the nineteenth century. He starts with Karl Polanyi's *The Great Transformation* published originally in 1944, in which Polanyi charts the commodification of labour. 'Polanyi depicted the nineteenth century as an attempt to create a market society in which everything was turned into a commodity, driven by the rising power of financial capital' (p.3). 'The early period was one of 'disembeddedness', in which financial and industrial capital broke down old systems of regulation, social protection and redistribution ... to create *national* markets, including a national labour market.' The disembedded phase lasted into the early twentieth century.

It was followed by state reaction, which tried to prevent market forces being socially destructive, using new mechanisms of social protection, regulation and redistribution. This embedded phase, in which the state re-embedded the economy into society, occurred in the three decades following the Second World War.

Since then, a Global Transformation has been in full flood. Once again, in the continuing battle between markets and communities, the cycle of recommodification and decommmodification of many aspects of life, particularly of labour, has continued, and markets have once again taken the ascendancy.

Early in the book, Standing discusses and defines various terms for future reference within his text. These include: the differences between work and labour, the differences between labour and labour power, and the concepts of employment, occupation, vocation, career, profession, crafts and job. Concepts imply the social contexts in which they take place. He relates leisure to work, and play to labour. 'Unlike labour, "work" captures the activities of necessity, surviving and reproducing, *and* personal development.' 'In work, there is room and respect for inaction and contemplation.' He says that in ancient Greece 'reproductive activity, *praxis*, work done for its own sake, was a means of strengthening personal relationships, between relatives, friends and citizens'.

Half of the book is devoted to examining the decommmodification and recommodification of labour

in different time periods. The growing inequality has led to a new class system. (It has been suggested elsewhere that there are now two classes in the UK: citizen, and an underclass.) Standing distinguishes between the global elite, the salariat, the 'proficians' (a mix of professional and technician), a withering core of working class, the 'precariat', the unemployed, and the detached.

He looks at the weakening of several former barriers to commodification, including the family and the education system. In the latter, he identifies the commodification of schooling and academics over the last three decades. Attitudes and policies towards the unemployed have commodified these, too. Commodification has taken place by undermining 'regulations protecting employees through labour law, unions and collective bargaining' (p.147). Occupations and crafts used to provide a barrier to commodification, but these too have suffered a 'loss of autonomy ... via attack from state bureaucrats, the courts, corporate tactics or divisions within the occupation'. Both state regulation and self-regulation of occupations provided barriers to commodification. Standing examines regulation, which is about control, and asks 'for whom, by whom, over what and by what means?'. Powerful trends towards occupational licensing are recommodifying many occupations.

In chapter 8, Standing draws together some of the social and labour consequences of the construction of The Global Transformation. He calls this 'The Horror'. This period is characterised by gross and growing inequality, gated communities of the rich, and social and economic insecurity for most. Also included is an increase in short-term jobs with long hours, loss of control, stress, increased surveillance, and the rise of the adjustment professions for damage limitation (psychiatrists, therapists, prescription drugs, social workers, and the police). The defining feature of globalization is insecurity.

This is a scholarly and erudite work, with a bibliography testifying to the breadth of reading by, and background knowledge of, the author. He also draws on his long experience working for the International Labour Organisation. It is not an easy book to read for the non-specialist. However, the work repays the effort of those who persist. The definition of terms made in chapter 1, the subtle distinctions in meaning, and the technical language make, demands on the reader. There is a wealth of detail, all illustrated with plenty of fascinating examples. At times, these can seem overwhelming, and the interesting detail of the trees can make one

lose sight of where the path is leading through the wood. The goal is revealed in the last two chapters.

Standing recognises that the commodification phase of the Global Transformation, during which the building of international markets was paramount, must be followed by one where the economy must be re-embedded in society, to overcome the yawning inequality, stress, insecurity and loss of control. He argues that, from among the various forms of citizenship that are vying for supremacy, the desirable form is 'occupational citizenship'. He then describes the sort of institutions and policies that could lead to a future society based on occupational citizenship.

The first question for any social policy reform should be 'What sort of society do we want to be part of and help to create?' Standing recognises that a vision is required, in which *both* equality and freedom are goals. Some degree of equality is a necessary condition for freedom, because one cannot be truly free if living in poverty. Greater equality increases choice for more people. He defines 'full freedom' as the de-commodification of people equally, but he recommends that their labour should be commodified, a good sold for a money wage. Necessary conditions for the 'Good Society' include good work relations (rather than good labour relations). It would also be characterised by identity and social solidarity. Civic friendship and conviviality will have a high profile. He favours a cap on incomes and wealth. He refers to Polanyi's concept of the right to non-conformity. He proposes five Decision Principles by which to evaluate policy proposals and institutional changes (pp.296-8), including an Ecological Constraint Principle as an over-riding requirement.

It is not until page 299 that Standing introduces the idea of a Basic Income. He extols its many advantages, and defends it against potential criticisms. By breaking the link between security and labour, it provides the security to facilitate a richer working life. He favours an end to subsidies as indefensible on efficiency and equity grounds. He explores in greater depth how such a basic income scheme could end paternalistic welfare policy, where a citizen's receipt of benefits has behaviour conditions attached. He also indicates how such a scheme would give people 'work rights', allowing them choices for how they use their time for contemplation, for leisure, or in socially useful ways. He recommends that there should be collective and individual Voice (associations for representation) for

both recipients of care and for care-workers, and that the latter should have a collective body with both bargaining powers and lobbying functions (pp.315-21).

Throughout the book, Standing is very critical both of social democrats of the twentieth century, who were mistaken, and of libertarian paternalists of the early twenty-first century, who claim to know what is best for others, and who are dangerous. He claims that a basic income scheme can be justified as an instrument of democratization. He also indicates how a basic income scheme is part of a move towards egalitarian freedom, and how emancipating egalitarianism is needed to create the basis of occupational citizenship.

It is impossible to give the full flavour of this thoughtful and stimulating book in even a long review, but it deserves to be widely accessible and read.

Anne Miller

Lilia Costabile (ed.), *Institutions for Social Well-Being: Alternatives for Europe*, Palgrave Macmillan, 2008, xiii + 242 pp, hbk 0 230 538061, £58

This book tackles an important question: Do social protections, such as free education and health care, state pensions and social security benefits, reduce an economy's efficiency? In particular, does the European Social Model make for economies less efficient than those in countries such as the USA where social protections are less well developed? To put the question another way: Is state-sponsored equality less economically efficient than free market inequality?

Professor A. B. Atkinson discusses Europe's rather loose system of social policy co-ordination and its consequences: low poverty in the Nordic countries, and higher ones in the UK, Ireland and Southern Europe. There are therefore pressures for more robust social protections, but in a globalising world there are contrary pressures to reduce them so that Europe's tax rates don't make its labour costs uncompetitive. Unfortunately, employment on its own does not ensure escape from social exclusion, as Munzi's and Smeeding's chapter shows.

The heart of the book's argument is in Bowles' and Jayadev's chapter, 'The Enforcement-Equality Trade-off'. They point out that 'guard labour' (supervision, policing, prisons, security personnel, etc.) costs money, and they show that in unequal societies we

need more of it. Importantly they also show that there is more evidence for a correlation between social inequality and the costs of guard labour than there is for a trade-off between equality and economic efficiency. They recommend that more resources should be redistributed to the less well off to enable the costs of guard labour to be reduced.

Artoni and Casarico show that welfare states are insurance systems and so are no different in principle from private insurance schemes, with which their costs should be compared; Costabile and Scazzieri show that the dollar's function as a reserve currency explains US economic dominance, and that expanding the euro area is the right European policy response and reducing our social protections is not; Bettio and Plantenga construct a typology for care work regimes in different countries, particularly in relation to the labour market participation of carers; Gustafson discusses continuities and changes in the Swedish system (- an important continuity is the high level of gender equality); and D'Antoni and Pagano discuss a Europe in which institutional integration and the redistribution of wealth complements national and regional diversity.

Costabile sums up: 'Many versions of the "equality-Efficiency trade-off" ... do not survive closer scrutiny; ... abdication of the insurance function of the welfare state produces efficiency losses in our second-best world; ... progressive redistributions may not entail efficiency losses or higher costs because the alternative system of order maintenance, namely disciplinary enforcement, is also costly; ... poverty rates are more closely related to the incidence of low pay and low welfare state expenditures than they are to unemployment rates [and] the objective of poverty reduction can only be achieved by integrating full employment policies with policies aimed at social inclusion; ... distributive policies ... produce dynamic efficiency gains if, by reducing poverty and inequality, they positively influence the welfare the cognitive abilities of children and hence human capital formation; ... the under-provision of [care] services acts as an 'inactivating influence' on market participation and employment, particularly for women; ... economic arguments counsel in favour of an active role for the EU in the definition of Europe's common social ambitions; ... social policies in Europe should incorporate measures able to conjugate the objectives of equity and efficiency' (pp.225-231). Costabile recommends a social insurance / social assistance system for income maintenance. A social insurance / Citizen's Income

scheme would give her more of both the equity and the efficiency which the book shows to be compatible.

Fran Bennett, Mike Brewer and Jonathan Shaw, *Understanding the Compliance Costs of Benefits and Tax Credits*, Institute for Fiscal Studies, 2009, 107 pp, pbk 1 903274 62 0, £40

The authors describe their research project's aims:

This report describes a scoping study to understand more about the nature of the 'costs of compliance' that claimants of social security benefits and (personal) tax credits incur, and discusses possible ways of measuring such costs. 'Costs of compliance' refers to the costs – time, money and psychological costs – that are imposed on applicants for, and recipients of, benefits and tax credits, and on others, by meeting all the various requirements placed on them by social security and tax credit law and statutory authorities. Our main purpose in this report is to make the case for taking compliance costs into account in considering the impact of, and changes to, benefits and tax credits. (p.1)

The report is limited in scope, in that it doesn't attempt to measure compliance costs, but it performs a most useful purpose: to explore 'the nature of the costs of compliance for claimants of benefits and tax credits; assesses whether such costs can be measured and, if so, to what extent; and discusses whether impact assessments of policy changes could include such measurements' (p.1).

The chief method studied is the allocation of monetary value to the time which employers and claimants expend on their relationships with the tax and benefits system; but it's not just claimants' time costs that the report discusses: it also recognises 'stigma, hassle, intrusion, stress, worry, fear ... uncertainty' and 'conditionality' as costs. Both quantitative and qualitative surveys and methods are therefore relevant.

If ever the Government undertakes a major review of income maintenance provision in the UK - long overdue: Beveridge's 1942 report was the last time this happened - then this report and the quantitative and qualitative surveys which we hope will flow from it will be important evidence.

The authors are right to suggest that a deeper understanding of compliance costs would contribute

to more accurate calculation of the productivity of the benefits system, a better understanding of the reasons for non-take-up of benefits, and improved trust in government. We hope that the Government and others will follow the report's recommendations, and we look forward to seeing the outcomes of the research projects which will be the result. We also very much look forward to seeing the results of the current HMRC survey of the comparative costs of applying for child benefit and child tax credits (pp.42, 87). The evidence gathered will be useful to a future review of the tax and benefits system, particularly if a Citizen's Income is on its agenda.

Hugh Bochel and Sue Duncan (eds), *Making policy in theory and practice*, Policy Press, 2007, ix + 251, pp, pbk, 1 861 349033, £24.99, hbk 1 861 349040, £65

In the introduction to this important book by policy-makers and academics, the editors review the history of theory about policy-making, study recent changes in policy-making (privatisation, audit, partnership, arms-length agencies, evidence-based policies and the effects of multi-level government and of Europeanisation), and then introduce the nine principles of policy-making (drawn from a 1999 government paper) on which the subsequent chapters are based, that is, that policy should be forward-looking, outward-looking (with cross-national policy learning), innovative, flexible and creative, evidence-based, inclusive, joined-up, constantly reviewed, constantly evaluated, and always learning lessons from experience.

Each of the nine chapters is by a pair of authors: one a social policy academic, the other involved in the policy-making process. 'The views expressed in this book are the authors' own and do not necessarily reflect those of their employers', and there are places where a critical stance is taken in relation to whether the Government has followed its own nine principles (see, for instance, the discussion of the Government's review of the Child Support Agency on pp.164ff). The authors often take a critical look at the principles on which their chapters are based, and the editors, in their concluding chapter, discuss critically the principles and the extent to which they can be put into practice. 'Given that [the nine principles] have been a major plank in the policy-making process for nearly a decade, it is perhaps surprising that there has been little recent attention given, either in civil service or academic literature, to refining the nine elements of policy making' (p.214).

No, actually it isn't. Policy is made by politicians, and not by the civil servants and other officials listed as authors (though they clearly have a filtering role and plenty of influence); and politicians are driven by short-term electoral considerations, the interests of influential stakeholders (such as the Murdoch press), and their own interests, and not by any set of principles, however worthy.

Reading this book, you are left wondering why no serious attempt has been made to reform the tax and benefits system in the UK, and in particular to implement a Citizen's Income. A Citizen's Income would serve well almost any conceivable future economic and social configuration; it would learn from experiments in Namibia and elsewhere and from universal pensions in New Zealand and other countries; it would be innovative, flexible and creative, and would enhance people's ability to innovate, to work flexibly, and to be creative; it would be evidence-based (Child Benefit is the evidence); it would be inclusive (by definition); it would join up the different stages of people's lives, employment transitions, and many of the fissures in our society; it would be simple to review and to evaluate; and it would learn lessons from past experience (and particularly from the disincentive effects of our current system).

The reason it hasn't happened is that it's in no politician's short-term electoral interests.

This book is a thorough exploration of the social policy process in terms of nine principles published in a Government paper, and the many examples given show that the theory works well in relation to clearly bounded policy areas - such as zero-tolerance policing, driven partly by 'looking outwards' to New York (pp.51ff) - where the parameters of the debate have already been set by political interests. What it doesn't do is explain major policy decisions (such as the invasion of Iraq: not in the index) or major decisions *not* taken (Citizen's Income). For these issues the final page is relevant: 'Ultimately policy making is political' (p.217). Quite!

Everyone involved in policy-making should read this book. It is well researched and it really is related to policy-making practice. Now what we need is a book by the politicians telling us how policy is really made and why.

Valerie Bryson, *Gender and the politics of time*, Policy Press, 2007, vi + 222 pp, pbk, 1 861 347497, £24.99, hbk 1 861 347503, £60

Our awareness of time is socially constructed, and in modern capitalist society we distinguish the 'clock time' of employment from leisure time dedicated to consumption. The author's resistance to this dominant time culture involves 'the assertion of the value of time that is not measured by money, a time that is neither committed to an employer nor simply set aside for leisure or consumption. Such time responds to human needs, whether these are to perform particular tasks in however long this takes, or to care for and communicate with others, or to build relationships' (p.33).

Free time is a democratic resource, so it matters that a long-hours employment culture and the disproportionate amount of time spent by women on domestic and reproductive activities gives women less free time for political activity than men, and Bryson details recent government attempts in some countries to require men to contribute to household tasks. Time is a measure of welfare, and any measure of acceptable social standards ought to include an assessment of how much free time people have at their disposal.

The author gives reasons for treating women as a collective group with particular pressures on their time, and goes on to question the public / private distinction often employed in discussion of use of time because the distinction presupposes men's needs and not women's. She asks that we value and reward time spent on care rather than seeing it as a negative constraint, that governments should legislate for limits to time spent in employment, and that women should involve themselves in politics – and particularly in Trades Unions – in order to press for better work-family balance.

The author asks whether women have a distinctive 'time culture': that is, do they use their time in a distinctive way; and she discusses policy options: for instance, paid parental leave for men not only gives them more time to do caring work but it also functions as a societal statement that caring work belongs to men as well as to women. The detailed list of policy options on p.184 contains some useful ideas (such as that 'part-time employment should be treated as normal for both men and women' and that 'employment policies and pension entitlements should be based on the assumption that workers will normally want to work short hours or to take leave at

various points in their life'), but it doesn't recognise that changes to the tax and benefits system might be needed in order to turn such ideas into practical policy.

We do indeed need to 'reassert the value of time that cannot be measured by the clock, the inescapability of natural physical rhythms and the value of human relationships' (p.185), and a Citizen's Income would, of course, be an important contribution to making such an essential change.

Lars Söderström, *The Economics of Social Protection*, Edward Elgar, 2008, xi + 180, pp, hbk 1 847 202390, £49.95

Söderström understands social protection as provision for consumption needs when for various reasons (unemployment, illness, childhood, old age) we cannot provide for them ourselves. A pooling of resources is required, in the shorter term enabling those in need to benefit, and in the longer term enabling all of us to benefit during those periods of our lives during which our productive capacities or opportunities don't match our consumption needs.

In chapter 1 the author discusses a variety of agents of social protection: families, banks, insurance companies, mutual societies, and the State; he explores problems relating to insurance provision (exclusion of those with risks too high to enable them to pay premiums, and adverse selection caused by asymmetric information) and also problems relating to charity (free riding); and he identifies government use of tax revenues as legitimate and necessary as an additional means of providing social protection.

Chapter 2 understands inequality as reflecting differences in choice as well as in opportunities, as the result of previous choices, and as the result of chance; chapter 3 discusses three understandings of social justice, and helpfully relates them to the different elements of inequality (p.50); chapter 4 discusses private pension arrangements and proposes an alternative to insurance provision: the purchase of interest-bearing bonds; chapter 5 compares Pay As You Go schemes with Capital Reserve (i.e., fully funded) schemes; chapter 6 uses simulations and a lifecycle model to study how mandatory pensions affect aggregate saving (and there is an interestingly topical study of student loans); chapter 7 discusses income security during working life (a combination of family, market and state provision is found to be essential); and chapter 8 looks at benefits in kind (for instance, public subsidisation of health care).

This book will be of interest to anyone interested in the technical detail of funding mechanisms, and those not so inclined will still find plenty of thought-provoking material to explore; but there are one or two basic assumptions which readers might wish to question. For instance: Söderström treats children as consumption choices made by adults (and, significantly, when discussing life phases in the context of pension provision he decides to reduce the life phases from four to three by omitting childhood (p.61)). This understanding of childhood, and the related concentration on pension provision, compromises the stated lifecycle approach of the book. Similarly: the cluster of income maintenance mechanisms is reduced to three: insurance, family, and state, with state provision restricted to filling gaps left by the other two. There is little sense that other patterns might be Pareto optimal, have low administrative costs, and be conducive to social justice. (In general, too little account is taken of administrative costs: an important frictional element in any social protection provision.)

This book is a treasure-trove of empirical data, theoretical discussion, and practical application, and also as a useful indicator of how much of Europe understands social protection.

John Creedy, *Pensions and Population Ageing*, Edward Elgar, 1998, xv + 239 pp, hbk 1 858 988020, £68

The Pensions Commission has come and gone, and Adair Turner has wondered publicly whether he ought to have been more radical by recommending a higher basic state pension in order to keep more pensioners out of means-testing. This book might have been published ten years ago, but we are reviewing it in this edition because it is even more relevant now than it was then. It is a careful study of economic models and their application to the problem of funding pensions for an ageing population, and the lesson we draw from it is that Turner should indeed have been much more radical. The answer to the problem is not a larger contributory state pension but a universal pension.

Chapter 1 is an introduction and outline and discusses the context: reducing birthrate and increasing longevity, leading to more elderly people dependent on fewer younger people. Chapter 2 employs economic models to explore population growth, age structure, and social expenditure; chapter 3 uses Australia as an example to discuss the effects on projections of assumptions about real spending

growth, productivity growth, unemployment, and labour market participation rates; and chapter 4 shows how immigration growth reduces considerably the proportion of elderly people in the population.

In chapter 5 Creedy begins his discussion of pensions and their financing by studying the variety of options available to governments; chapter 6 compares private savings and social transfers using a complex model which takes account of increasing longevity and changes in labour supply; chapter 7 studies state schemes and the ability to contract out of them; and chapter 8 finds that an earnings-related component creates positive employment incentives and raises average earnings compared to a flat-rate pension, but also that a flat-rate pension scheme can achieve higher social utility curves. Chapter 9 studies the wage-pension trade-off under a variety of pension schemes and discovers a rather complex picture; and chapter 10 begins the author's discussion of lifetime simulation models and finds that means-tested and universal systems result in similar lifetime inequalities, which means that removing the complexity of means-testing would not create greater inequality. Chapter 11 shows that means-tested state pension systems are a relative disincentive to private pension saving and that a universal scheme would make less optimal the kind of working age behaviour which results in lower retirement incomes. Similarly, chapter 12 finds that a universal pension would make optimal a higher retirement age than does a means-tested pension.

The author's careful use of relatively simple economic models builds a strong case for a universal pension. Given the importance of pensions in relation to social welfare, employment incentives, savings incentives, tax rates, and much else, it really is essential that the work of the Pensions Commission continues, and equally essential that this book is on its members' reading list.

Susan M. Hodgson and Zoe Irving (eds), *Policy reconsidered*, Policy Press, 2007, vi + 250 pp, pbk, 1 861 349125, £24.99, hbk 1 861 349132, £65

'What *is* policy?' (p.22). It is with such fundamental questions in mind that the diverse chapters of this book study both social policy and the study of social policy, and it is no accident that the very first page is not entirely clear about which the book is supposed to be about.

How the concept of 'policy' functions is a question central both to the first chapter and to the book as a whole; and also central to the book is the question as to how we should understand the boundaries between political science, economics, social policy (and administration), sociology, public policy, urban studies, organisational studies, etc.. There is constant interchange between the different disciplines as the authors study both policy and the policy process.

Broad policy directions are discussed (will the EU become a social Europe or will it join a globalised race to the bottom?), and there are discussions of the ways in which we categorise people, of the politicisation of social policy, of the relationship between business and policy-making, and of the way in which international policy processes influence national processes. The final section studies 'practices' and contains discussions of the relationship between ethics, research, and policy, of user involvement, and of the 'translation' of policy from one context to another. The last chapter returns to the fundamental questions with which the book begins, and in particular asks what counts as social policy, what counts as evidence, and what is legitimate method (for all evidence and method is inevitably viewed from particular standpoints). The final chapter returns to the beginning of the book in another way too. It's about social policy and about the study of social policy, and it isn't sufficiently clearly structured to enable the reader to distinguish when it's about one and when it's about the other.

This is an edited collection and so treatments in successive chapters are not always entirely consistent with each other, but the authors *are* agreed that the meaning of every term is negotiable and that boundaries are there to be crossed (- so it's a bit of a surprise that the first two sections of the book are labelled 'meanings' and 'politics': 'meanings' and 'boundaries' would have been better).

Readers of this *Newsletter* will be interested in the diagram on page 4. 'Urban studies', 'criminology', 'housing studies', 'education studies' and 'health studies' appear. 'Income maintenance', 'taxation' and 'benefits' don't; and it is equally no surprise that the many good case studies in the book are drawn from the fields in the diagram and discussion of taxation and benefits is conspicuous by its absence.

Nevertheless, this is a thought-provoking introduction to some important questions related to both policy-making and to the study of policy-making, and what's needed now is a study of tax and benefits policy in

the light of the questions and disciplines contained in these chapters.

If I were to choose just one discussion, then it would be that of categorisation of people in chapter 4: 'The extent to which any policy is able to reach its target population and stated goals crucially depends on the appropriateness of the categories chosen. Despite this, the political process of categorising ensures that theoretical and conceptual clarity are by no means central to the decisions made' (p.76). After reading this book, reducing to one the number of categories employed in the allocation of benefits looks like a really good idea.

Steffen Mau and Benjamin Veghte, *Social Justice, Legitimacy and the Welfare State*, Ashgate, 2007, xviii + 264 pp, hbk 0 754 649397 , £55

This edited collection of conference and invited papers offers a coherent, well-researched and detailed international picture of public attitudes to social justice and the welfare state. The chapters bear out the editors' view that 'the western welfare state is not at risk of losing support or encountering fundamental opposition ... the state is still conceived of as the major addressee for social needs and the management of social risks' (p.12) and also that different attitudes to the welfare state relate to different welfare regimes. Encouragingly, the editors also find 'strong evidence for the effects of people's own stake in the welfare state' and that 'they also seem willing to contribute to the collective good as long as the distribution of burdens and benefits are regarded as just' (p.13). They suggest that plausible and appealing concepts of social justice will be needed to support the continuance of the social contracts on which welfare states are based.

The various authors have amassed evidence on the relationship between social class and attitudes towards redistribution, individuals' motives for supporting redistribution, cultural differences in the notion of the 'deserving needy' and in attitudes to redistribution towards the deserving needy, public attitudes on the justice or otherwise of tax systems, coherence between public attitudes and attitudes embodied in social security systems, relationships between media and political party attitudes and public opinion, why the losers from globalisation have shifted their allegiance from left-wing to right-wing parties (in Belgium and Israel), factors relating to public attitudes to immigrants, and the relationship between a society's welfare state type and general

levels of trust in that society. There is enough evidence and discussion in these chapters to provide students of welfare states with plenty of material for reflection and further research projects.

Of particular interest to readers of this *Newsletter* will be chapter 6 on 'the moral economy of poverty', a study of public attitudes to the German welfare state. 'The results show a high degree of congruence between the norms institutionalised in the German social assistance scheme and the attitudes prevalent in the population Welfare recipients are seen as deserving of support only when they comply with the behavioural requirements (no self-inflicted poverty, active cooperation) institutionalised in social assistance' (p.137). But in which direction does the causality work? Or is causality circular? If conditionality were to be removed from the system, would public attitudes change? Further research on this issue would be of interest.

In their introduction the editors suggest that 'in their reform attempts, politicians are advised to embrace both considerations of financial sustainability and principles of social justice' (p.13); but the evidence base in chapter 6 suggests that the 'plausible and appealing concepts of social justice' needed might be about conditionality and the exclusion of those deemed undeserving. Might it not be the case that a system based on unconditionality and inclusion could lead to *these* notions becoming 'plausible and appealing concepts of social justice'? Only thus, surely, will 'a durable, legitimate welfare system able to address societal needs and to safeguard vulnerable groups become possible' (p.13).

Peter Edelman, *A Living Income for Every American*

Amitai Etzioni with Alex Platt, *A Community-based Guaranteed Income*

Charles Murray, *Guaranteed Income as a Replacement for the Welfare State*

Michael Opielka, *The Feasibility of a Basic Income*

Dalmer D. Hoskins, *Pension Crisis or Pension Rethink?*

Avia Spivak, *The Rise in Uncertainty and Reforms of Social Security Systems in Chile and Sweden*

Frank S. Bloch, *Disability Benefit Reform and the Contract for Income Support*

Amir Paz-Fuchs, *The Contract for Income Support and Pensions in the Modern Welfare State: Report and analysis of the second workshop of the 'The Social Contract Revisited', Oxford, 10-12 October 2007*

All the above are published by the Foundation for Law, Justice and Society in collaboration with the Centre for Socio-Legal Studies, University of Oxford.

In our first edition for 2008 we published a report on a conference held in October 2007 by the Foundation for Law, Justice and Society at the University of Oxford. The conference's title was *The Social Contract Revisited: The Modern Welfare State*, and the Foundation has now published some of the presentations and also a record and critical assessment of the sessions.

Of particular interest is Amitai Etzioni's *A Community-based Guaranteed Income* (meaning here a Citizen's Income). Etzioni suggests that we live on a variety of levels (individual, local community, national community), that discussion of a Citizen's Income needs to relate to all of them, and that a community-based Citizen's Income could usefully complement means-tested benefits. In his critical assessment of the workshop, *The Contract for Income Support and Pensions in the Modern Welfare State*, Amir Paz-Fuchs asks 'What is the community and what are its boundaries?' (Paz-Fuchs, p.4), and suggests that Van Parijs's argument for a Citizen's Income on the basis of the real freedom which it would foster is more coherent than Etzioni's argument on the basis of our moral responsibility for each other in a community.

Also of interest are Michael Opielka's *The Feasibility of a Basic Income* and Charles Murray's *Guaranteed Income as a Replacement for the Welfare State*. Opielka argues that a wage-centred welfare state is becoming less relevant and that increasing social inequality requires a solution. He discusses a number of possibilities: negative income tax, a Citizen's Income, a partial Citizen's Income, and a Citizen's Income scheme in which someone could choose a lower CI and a lower tax rate or a higher CI and a higher tax rate. Transitional arrangements are discussed, and finally a new category of welfare state: 'guarantism'.

Murray recommends a Citizen's Income on the basis that it would enable government to interfere less with

people's lives and that it might encourage labour market participation by currently excluded groups, and he suggests that a Citizen's Income should replace existing welfare states (and, in particular, that people should pay their own compulsory health insurance premiums out of their Citizen's Income).

At the end of his critical assessment of the workshop Paz-Fuchs lists the distinctions which our current welfare system institutionalizes:

‘ “deserving” versus “undeserving”; able-bodied versus disabled; children versus adults versus elderly; married versus non-married; and so forth. The idea of a genuine basic income, discussion of which opened and closed the workshop, discards these divisions. That is one of its obvious appeals’ (Paz-Fuchs, p.15).

Richard E. Wagner, *Fiscal Sociology and the Theory of Public Finance: An Exploratory Essay*, Edward Elgar, 2007, x + 228 pp, hbk, 1 84720 246 8, £59.95

Every science sets off from axioms: a set of unproven, and generally unprovable, hypotheses. Since Adam Smith, neoclassical economic science has set off from a hypothesis of perfect competition in a free market in private property. This turns public economics into a science based on market failure. Private trades thus become the norm and government action in the economy becomes non-normative. This is clearly nonsense because without a functioning public square to create a structure of security, contract law, education, and health, private trades would become unreliable and economics as we understand it would no longer adequately model the chaotic situation which would ensue.

Richard Wagner suggests a different starting point. There are various ways in which we can generate orderly patterns of activity: by individual trades in private property, by individuals relating to each other through the collective property which constitutes the state, and by relationships through property held in common by members of an association. This view sees government action as a particular realm of orderly action and not as an interference in some other set of actions regarded as normative.

Another axiom which the author questions is the market equilibrium which classical economic theory regards as normative. Wagner suggests that if public economics is a facet of social theorising (that is, if there is no clear boundary between economics and

polity) then change generated by conflict between different social groups becomes normative.

Following two chapters which provide an overview of Wagner's approach, the central chapters of the book understand society as constituted by 'political enterprises' which compete with each other for resources to enable them to undertake their chosen projects. Chapter 7 then explores multiple levels of government and the competing public squares which result.

The final chapter understands taxation and government spending as so complex that 'analytical coherence can be attained only through massive simplification in some form' (p.181). The theorems of traditional welfare economics represent precisely such a simplification. In the real world, political cultures and fiscal arrangements interact with each other and, in particular, we can't package utility into leisure and consumption as traditional labour market economics tries to do.

'To approach life through the organization of meaningful activity, as against approaching it hedonistically through consumption, is to seek to reconceptualise welfare in terms of the interesting and challenging adventures that different systems of economic order allow people to have during the course of their lives. Such an alternative formulation would, of course, deny that consumption is the end of economic activity, and would convert consumption into a by-product concomitant of that activity. A Society in which people are having interesting and creative adventures will flourish, and what we call high consumption will emerge as a by-product of the activities that flourishing represents' (p.195)

If how people relate to each other and the competencies they are encouraged to develop are allowed to be factors in the construction of welfare economics, then, says Wagner:

'A system of designated accounts over which people have ownership creates a relationship among equals. In contrast, existing social security programs involve relationships of domination and subordination, within which supplication becomes a standard mode of conduct' (p.196)

This is an important book.