Citizen's Income *newsletter*

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Citizen's Income Newsletter
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Editorials

The 2013 budget

In his budget George Osborne announced that the individual tax allowance will rise to £10,000 in 2014. This means that £10,000 of an individual's earned income will be tax free. The basic rate of income tax is 20%, so if instead of receiving a tax allowance of £10,000 each individual was given a Citizen's Income of £2,000 per annum (i.e., about £40 per week) and they paid tax on all of their earned income, then their net income – the money they had to spend – would be exactly the same.

The higher the tax allowance, the higher the Citizen's Income that could replace it. We look forward to the tax allowance going even higher.

The important difference between a tax allowance and a Citizen's Income, of course, is that everyone would get the Citizen's Income but not everyone gets a tax allowance. If you're earning, then you receive the benefit of a tax allowance, and it's not taken away from you, however much you earn. But if you're on means-tested benefits (which includes so-called Tax Credits, of course) then as your earnings rise your benefits *are* taken away.

There are few social policies that could do as much both for work incentives and for a cohesive society as a Citizen's Income would do.

Plan B+1

In response to the Government's policies for reducing the debt generated by the previous Government's bail-out of the banks, in 2011 the thinktank *Compass* published *Plan B: a good economy for a good society*. It was full of good ideas: investment in renewable energy and in energy conservation; government support for new technology; the separation of retail and investment banking; a financial transaction tax; and a social investment strategy. The report also contained a suggestion that means-tested benefit rates should be raised so that people on lower incomes could receive higher incomes which they could then spend in order to stimulate the economy (*Plan B*, p.20). The report showed no understanding of the fact that to increase the levels of means-tested benefits would carry the disincentive effects associated with the withdrawal of means-tested benefits higher up the earnings range, thus extending higher labour market disincentives to additional sections of the workforce.

As we pointed out in our editorial in the *Citizen's Income Newsletter* (issue 2 for 2012), there was nothing 'plan B' about means-tested benefits, that *Compass* needed to think again, and that it needed to see that universal benefits combined with a progressive tax system would successfully target money on the poor at the same time as increasing incentives and choice in the labour market.

Compass has now thought again. Its new report, *Plan B+1: Rebuilding Britain and a Good Society*, is in many ways a second instalment of its previous report. It outlines the economic and human costs of austerity; shows why current government policies (in this case quantitative easing, the Business Investment Bank, and deregulation) are unlikely to work; and suggests Green capital investment, a social investment state, a living wage, industrial democracy, and reform of the financial sector. But in one respect *Compass* has performed a U-turn. Gone is the plan for higher means-tested benefits, and in its place we find a proposal for 'a universal family basic income' and a 'comprehensive direct tax which would replace the current income tax and National Insurance Contributions systems' (*Plan B+1*, p.16). It is worth repeating in full the report's arguments for this proposal:

> The system of tax and transfer payments needs to be reconfigured to ensure that:
>
> 1. All families reach a basic minimum standard of living in or out of work.
>
> 2. The tax system is progressive, with people on high incomes paying a higher proportion of their incomes in direct tax than at present;
>
> 3. Marginal withdrawal rates on earned income for people on low wages (including second earners in couples) are low enough to make work worthwhile. (p.16)

The plan for a universal family basic income and an appropriate comprehensive direct tax would achieve these aims, and therefore has something to recommend it. The universal, and presumably nonwithdrawable, basic income would take marginal withdrawal rates as low as it is possible to take them. It would also therefore make employment as financially beneficial as it is possible for the benefits system to make it, and at the same time would provide an automatic standard of living in or out of work.

The one criticism of the plan that we would offer relates to the word 'family'. If this means that two adults living together will be granted a lower joint basic income than twice the rate for an individual living on his or her own, then *Plan B+1* will deliver colossal administrative problems and might end up being highly unpopular, and for good reasons.

Current means-tested benefits, both in and out of work, pay less to a couple than twice the rate for an individual. This means that the Department for Work and Pensions and Her Majesty's Revenue and Customs need to know who is living with whom, resulting in intrusive bureaucratic investigations into people's private lives and the stigma inevitably attached to such intrusion; that when relationships change government departments need to be informed; and that when someone moves in with someone else their benefits might be withdrawn. At the moment these problematic aspects of our benefits system apply only to those on no pay or low pay.

In his 2010 Conservative Party Conference speech, the Chancellor of the Exchequer proposed that households containing higher rate taxpayers should be deprived of their Child Benefit. This too would have required him to know who was living with whom: and for the first time the higher paid would have been brought into this bureaucratic and stigmatising net. He performed a sensible U-turn, and Child Benefit remains universal; but because he still wished to extract all or some of the value of their Child Benefit from households containing higher-rate taxpayers, self-declaration by a higher-rate taxpayer of being in a household containing someone in receipt of Child Benefit has left us with the first ever tax on children.

We would counsel against a 'family basic income'. It would suffer from the same problems suffered by every benefit based on households rather than on individuals: it would interfere with decisions about relationships, would complicate household formation, and would require the Government to investigate people's intimate relationships; and it would require a major and expensive government agency to administer it (which presumably means that we might see departmental approval for the idea).

A Citizen's Income – an unconditional, nonwithdrawable income paid to each *individual* – would avoid all of these problems. It would be simple and cheap to administer, it would not interfere with personal relationships or household formation, and it would make it entirely unnecessary for the Government to know who was living with whom. A particular advantage of a Citizen's Income paid to individuals is that any economies of scale relating to people moving in with each other would accrue to the people concerned, thus making household formation more likely.

It may be that the authors of *Plan B+1* are concerned about the affordability of a genuine Citizen's Income. This is an understandable concern. However, if, as they suggest, a radical overhaul of the entire benefits and tax systems is what is required, then there will be numerous gainers and losers as changes occur – as there have been in relation to recent changes to the benefits and tax systems, and as there will be when Universal Credit is implemented. Transitional arrangements will in any case be required, and transferring from a household-based to an individual-based system will not overly complicate the temporary arrangements required. The additional factor related to any change that delivers lower employment disincentives is that any net income gap resulting from a drop in benefit levels is more easily repaired through additional earnings.

What is essential is to get the structure right. A Citizen's Income would deliver all three of the criteria for an appropriate tax and benefits system listed above, and without imposing new stigmatizing complexities.

We look forward to a *Plan B+1a* and to a recommendation of a genuine Citizen's Income.

Main article

Can Basic Income Cash Transfers Transform India?

by Guy Standing

Since the 1990s, on average the Indian economy has been growing at over 6% a year. Yet hundreds of millions remain mired in poverty, and inequality has grown steadily. For decades, although there are 1,200 centrally-funded social policies on the statute books and hundreds more at state level, successive governments have relied largely on the Public Distribution System (PDS) to redress poverty.

The PDS subsidises consumers via subsidised grain, rice, sugar and kerosene if they have a Below Poverty Line (BPL) card or something similar. Producers of many goods receive huge subsidies as well. Altogether, subsidies eat up 7% of GDP.

They do not work. The system is wasteful, inefficient, market-distorting, regressive and deeply corrupt. Rajiv Gandhi famously said that 85% of subsidised food did not reach the poor. The Deputy Chair of the Planning Commission said in 2009 that only 16% of it reached them. Others have estimated that for every Rupee spent 72% is lost in transit.

While continuing with the PDS, in 2005 the Congress Party, long regarded as the bastion of Indian democracy, launched a grandiose National Rural Employment Guarantee Scheme (NREGS), supposedly guaranteeing every rural household 100 days of labour a year at the minimum wage. Huge numbers have supposedly benefited, vast sums spent, many eulogies uttered.

In reality, ghosts have been resurrected, recorded as having done labour. Most rural people have had few if any days of labour under the scheme (renamed to give it the status of having Gandhi's name preface it). Much of the money has gone into local bureaucrats' pockets. One study estimated that only 8% of recipients had been employed for 100 days in one year. Another suggested that only a minority of projects had been completed, another that it has not reduced rural poverty at all. Corruption is endemic. The scheme only awaits a journalist to write a book entitled *The Greatest Social Policy Scam in History*.

Meanwhile, something remarkable has been brewing. A radical alternative has been gaining ground. In 2009, led by SEWA (the Self-Employed Women's Association), we launched the first of three pilot cash transfer schemes. The principle is simple: Give people cash, a basic income, instead of subsidies or make-work labour. And do not attach conditions, directing people how to spend the money; they can work that out for themselves. We do not claim credit for what has happened since, for other factors have contributed. But the pilots have proved timely.

The first, financed by the United Nations Development Programme (UNDP), took place in a low-income area of Delhi, where hundreds of households were offered the alternative of continuing with the subsidised items or receive a monthly cash transfer of equivalent value. Many initially chose the cash. Later, when we did the evaluation, many more wished to do so. Although a political campaign was organised in opposition to the cash transfers, involving physical violence towards our women fieldworkers, the results have been very positive, with improvements to living standards.

Meanwhile, with financial help from UNICEF, we launched a bigger pilot in the state of Madhya Pradesh. In eight villages, for eighteen months, every man, woman and child has received an unconditional monthly cash transfer. Over 5,500 villagers have been recipients. We have been evaluating the effects by comparison with people living in comparable villages, in a randomised control trial.

Such pilots take a long time. Politics does not wait. Suffice it to note that the results of this and the third pilot in tribal villages are heart-warming. Even though the amount paid is very modest, about 30% of bare subsistence, we have observed improvements in nutrition, school attendance and performance, women's status, economic activity, and sanitation. Many villagers have told us they want to substitute cash for subsidies. More have come round to that as experience has been gained.

What seems to happen is that the cash provides liquidity and a sense of security that infuses confidence and gives people a greater sense of control over their lives. So the positive effects exceed the value of the transfer.

It is what has happened back in Delhi that is so intriguing. In the past few months, we have been asked to brief senior officials, and they have been emboldened to push cash transfers into the centre of national debate.

In November, the Prime Minister went on television to announce that the government is to launch a cash transfer scheme, rolling it out to 51 districts in 2013 by raising the price of kerosene and compensating people by cash paid into bank accounts. Not to be outdone, on the 15th December, Delhi's Chief Minister launched an unconditional cash transfer scheme in her state for those omitted from the cap put on BPL card holders. A torrent of media comment has followed.

The Congress Party has been converted. Earlier this month, its leader, Sonia Gandhi, the Prime Minister, and several Cabinet colleagues, descended by helicopter on a village and announced its cash transfer policy to a crowd of 30,000.

Indian social policy is at a crossroads. Opposing cash transfers, a group of diehard supporters of the PDS have been promoting a Right to Food bill that would universalise the PDS and subsidised food. They have also organised hostile protests. They claim cash benefits would lead to abandonment of public social services.

They are being Canutish. The PDS is literally rotten, as Delhi's Chief Minister has admitted. Often grain comes in sacks that contain numerous small stones to make up the weight; often the grain and rice are stale; often villagers travel long distances only to find that the rations are not there. All this is ignored.

The risk now is that, in the rush to operationalize cash transfers across the country, design faults and excessive politicisation will put back the cause for years. Here we have a lesson for government. In the villages receiving the basic income, the payments have been an extra, not a substitute for something. We asked everybody to open a bank account within three months of receiving their first payment. There were predictable teething problems. But soon, everybody had accounts, with help from our colleagues. In that time, suspicions were allayed and support for cash transfers strengthened.

The government is doing it the wrong way. It is raising the price of a subsidised item, kerosene, telling people they will be compensated through a bank and by means of an identity card, the Aardaar. But, as the government's pilot has shown, many will lose in the short-term since they do not have accounts and cannot obtain the cash. This risks a backlash.

The solution must be based on realising that, while villagers are always on the edge financially, a government can take a medium-term perspective. If it rolled out the scheme to those 51 districts by offering extra money in the first year while stating that everybody must open a bank account in that time, the fiscal cost will be small. In the second year, it could phase out selected subsidies, sharing the gains by disbursing a third of the subsidy in additional payments while saving the fiscal coffers the other two-thirds. Remember that most money spent on subsidies does not reach the intended beneficiaries.

Will wisdom prevail? One cannot be optimistic. It is a pre-election year and Congress is set on making cash transfers what a leading politician has called "a game-changer", an election-winning measure. This will galvanise opposition. Everybody would gain if only the politicians had the wisdom to de-politicise the reform. The Government should set up an independent Cash Transfers Commission to oversee the process and to ensure that the level of benefits is set by economic criteria and not raised just before elections.

How much better it would be if unconditional, universal, individual cash benefits were rolled out slowly and quietly. We know they have made a great difference to the lives of those thousands of villagers in our pilots. We have heard their stories, seen their children and analysed the data gathered by our fieldworkers. There is a great chance of transforming Indian social policy. Let us hope the politicians take it.

The author is Professor of Development at SOAS and co-president of BIEN, an international network promoting Basic Income. He is also a trustee of the Citizen's Income Trust. A seminar on the pilot scheme was presented at SOAS on the 26th February 2013.

News

The think-tank **Demos**, in collaboration with the insurance company Zurich, has published a report: *Control Shift*, by Max Wind-Cowie. The report calls for a shift of financial responsibility from the state to individuals, and asks for the policies necessary to achieve this (such as the new policy of auto-enrolment in occupational pension schemes). 'Nothing sums up the UK's paradoxical and incoherent approach to individual financial responsibility better than the way in which our public services interact with individuals' savings. In a range of areas, savers – those who have taken long-term, financially responsible decisions and have chosen to mitigate their financial risk by building a cash asset – are actively punished for their prudence. This is most obvious – and most problematic – in our welfare system' (p.59).

www.demos.co.uk/files/Control_Shift.pdf?1363023121

The think-tank **Compass** has published a briefing paper, *Social Security For All - The renewal of the welfare state*: 'The widespread nature of an aging population and ill health due to modern lifestyles and endemic job insecurity means costly targeted systems should be replaced by services that are open to all in a way that is universally preventative; this means providing services for everyone to reduce harm to us all. This universalism is essential to the renewal of the welfare state; it reduces stigma, ensures proper take-up, is more efficient to deliver, promotes gender equality, binds all into a progressive taxation system and ensures the sharp tongues and elbows of the middle classes improve services in a way that benefits everyone. It is no wonder that by all measures of economic and social success, international league tables are topped by societies with strong universal welfare states. It is important to note that the so-called "universal" credit which aims to combine both in-work and out-of-work benefits for those on low incomes within a single unified model is not universal at all but cements means-testing into the foundations of the social security system (while contributory benefits are being further marginalised at the same time). It also contains more conditionality than the existing system' (p.6).

http://clients.squareeye.net/uploads/compass/documents/C4_Compass_Document.pdf

In February the **Institute for Fiscal Studies** published *The IFS Green Budget*: 'The most significant [structural change] in 2013-14 will be the beginning of the multi-year roll-out of Universal Credit … Universal Credit should be a positive reform. But this welcome simplification is being at least partly undermined by the devolution of much of the design and administration of Council Tax Benefit … to English local authorities … The operation of a separate means test that sits outside of the Universal Credit system may lead to awkward interactions with it, weaken work incentives and lead to additional complexity for claimants (particularly since every local authority in England could in principle design a different scheme)' (p.215). … At the highest level, one needs to be clear to what extent there is a role for a social insurance system, how important means-testing should be and what role one sees for universal benefits.' (pp.242-3).

www.ifs.org.uk/publications/6562

From the **International Labour Organization**'s report, *Social security for all: Building social protection floors and comprehensive social security systems* (2012) pp. 6 and 36: 'Basic social security guarantees should be provided through the most effective and efficient combination of benefits and schemes in the national context. Benefits may include child and family benefits, sickness and health-care benefits, maternity benefits, disability benefits, old-age benefits, survivors' benefits, unemployment benefits and employment guarantees, and employment injury benefits as well as any other social benefits in cash or in kind. Schemes providing such benefits may include universal benefit schemes, social insurance schemes, social assistance schemes, negative income tax schemes, public employment schemes and employment support schemes.'

www.social-protection.org/gimi/gess/RessShowRessource.do?ressourceId=34188

Book launch

Money for Everyone: Why we need a Citizen's Income, by Malcolm Torry, and published by the Policy Press, will be launched at an event at the London School of Economics on Thursday 27th June at 6 p.m..

If you would like to attend the launch then please email info@citizensincome.org to book your place and receive further information.

Reviews

Richard K. Caputo (ed.) *Basic Income Guarantee and Politics: International experiences and perspectives on the viability Income Guarantee*, Palgrave Macmillan, 2012, 0 230 11691 7, hbk, ix + 322 pp, £62.50

This volume gathers together a huge of diversity of analysis of national and international political debates over the introduction of a Basic Income.

A big challenge for a survey of the Citizens' Income debate is to balance breadth with depth. How does one best combine the detail and insight that different authors offer with the need to offer comparative analysis and discussion of themes across countries? Richard Caputo provides a gentle editorial steer through this global journey, helping the reader to pick up specific nuances of debates in individual countries and regions whilst also providing an overview and some connections to international themes. Key topics covered in all of these essays are the historical drivers and opportunities that push forward discussion of Citizen's Income, the political enablers and barriers to progress in these debates, and the prospect for progress in the future.

The first four chapters offer a helpful overview and comparative approach. Following Richard Caputo's introduction and overview, De Wispelaere and Noguera outline a potential framework for considering political feasibility of the Basic Income project. De Wispelaere and Nogerua consider feasibility in strategic, institutional and psychological dimensions by mapping two different types of agency against two types of constraints. It feels a bit of a missed opportunity that this framework is offered at the start of the book but not addressed directly by other contributors. However, even without explicitly addressing this framework the reader will find the key barriers and key enablers identified by De Wispelare and Noguera cropping up in the individual chapters. Most notably, the challenges of institutional inflexibility, and the need to convert key political actors and to build coalitions across parties and interests in order to create strategic feasibility for a Citizens Income.

The region and country specific analyses begin on a confident note. In Chapter 3 Suplicy makes a powerful economic and political case for a Basic Income for underdeveloped economies aiming to jumpstart their global competitiveness. In the subsequent chapter, Guy Standing reflects on the first twenty-five years of BIEN and considers that richer nations may turn again to the issue of universal benefits in response to continued economic strife, the depletion of social protection, and the rise of social unrest.

The rest of the book is made up of 11 chapters that draw on social policy and political debates to examine the prospects for Citizen's Income in a number of different contexts. This reviewer found the most satisfying chapters those that took a thematic approach, which allowed a lay reader to make their own comparisons between the experiences of different countries. Sacha Liebermann's chapter on the German experience does this masterfully. It is introduced with a quick summary of the current debate and then thematic headings covering the major barriers addressed by discussions over Citizen's Income in the last thirty or so years. In Germany's case, this includes: the challenge of unconditionality (or 'to live at the cost of others without any contribution') and debates over the link with citizenship and over how to resolve the position of families and childcare within the overall welfare system.

There is a lot of richness in this volume. The authors have reflected widely and fully on social and political discourses, taking in formal actors and policy makers as well as think tanks and more grass roots movements. One of the difficulties and the rewards of a volume like this is the sheer diversity of experiences. Markku Ikkala looks back over twenty years of debates in Finland, identifying and analysing strands of support from the Green Party and some sections of the Press. Malcolm Torry's analysis of the backdrop to current debates about universality in the United Kingdom examines themes from the process that led to the Family Allowance Act of 1945 and from the Child Benefit debates of the late 1960s. Alongside these we have in depth analyses that focus on the immediate context of contemporary welfare debates. For instance, the chapter on Spain focuses on the deficit reduction package from 2010 onwards and Hamid Tabatabai's account asks what we can learn from Iran's 2010 cash subsidy programme.

One important theme across the regions analysed is the important role of economic instability as a precursor to the revival or creation of new debates on universal benefits as the fragile consensus on welfare systems and social entitlements comes under ever more pressure. In the analysis of the Spanish experience, by Daniel Raventos, Julie Wark and David Casassas, the authors distil the frustration experienced by supporter of a Citizen's Income in the wake of the economic crisis. For families and workers, a Basic Income could provide much needed security, a serious anti-poverty policy, and a sustainable way of maintaining family income following the debt-based consumption of the early years of the twenty-first century. And yet precisely when the supporters feel the case is most pressing politicians are under pressure to reduce expenditure and target welfare spending on narrow sections of the population.

While it seems churlish to criticise a volume of essays for BIEN members and supporters for not including contributions of opponents of the Citizen's Income, one limitation of the chapters is a lack of context for some of the more aspirational comments on the future of pressure from think tanks, student groups and activists. While many authors are able to cite specific publications, events and movements as evidence, several chapters include a general positive endorsement or aspiration which feels less contextualised. This includes the aside at the end of the essay on Spain's experience. The authors argue that 'it can only be expected' that the interest in a Citizen's Income will keep growing from activists as the economic crisis persists and unemployment grows, but don't offer more solid grounds for hope than that statement.

Looking across the chapters, one key question this reviewer was left with was how supporters of a Citizen's Income should view these national and international debates as an indicator of progress and possible next steps. De Wispelaere and Noguera discuss how we might frame public perception of a Citizen's Income in the context of arguments about reciprocity and deservingness of benefit recipients. This is salutary for those who already support Basic Income. A number of different chapters point to elements of universality as indicators of the progress of the argument for a Citizen's Income or as building blocks on which to develop a stronger case for universality. Changes in pensions in Australia and to tax credits in the UK and Ireland can be seen either as useful stepping stones on a gradualist and pragmatic journey towards a Citizen's Income, as diversions from making the full case for universality, or as further confusing already complex systems. Alternatively, should a Citizen's Income be considered as a separate discourse of its own? More fundamentally, this reviewer was left asking, what can we learn from these experiences about how to frame a theory of change for the future? And what would ambitious but realistic intermediate goals look like for the next ten years?

It is a strength of this book that it provides the depth and breadth of reach not only to prompt this kind of question but also to provide significant evidence for the analysis of these issues. The volume offers a timely stocktake, and an opportunity to reflect on debates in the past, present and future.

Jake Eliot

Götz Werner and Adrienne Goehler, *1000€ für Jeden: Freiheit, Gleichheit, Grundeinkommen*

[*€1000 for each person: freedom, equality, Basic Income*] Ullstein, 2010, 267 pp, pbk, 978 3 548 37421 5, £6.56

It is unusual for us to review foreign language books in the *Citizen's Income Newsletter*, but an exception surely has to be made for this German book which has been a consistent bestseller, significantly in the 'business' category. [1] (Because the book's content is so tightly tied to the German context it is unlikely to be translated into English, which is why we are reviewing the German text rather than waiting for an English translation.)

The first part of the book discusses the German political context and the Citizen's Income debate within it. This is followed by sections on what the authors take to be essential elements of the definition of a Citizen's Income: large enough to cover subsistence needs; for every individual; without means-test; and without work-test. Objections are then answered, particularly in relation to labour market participation. An interesting section uses the fact that most lottery winners remain in the labour market as important evidence. The concept of 'work' is then broadened beyond the labour market, and a variety of imagined personal situations show how a Citizen's Income would promote diverse kinds of work.

Werner is a successful entrepreneur, so perhaps it is not surprising that rather too much space is then given to how workplaces have changed during the past few decades and how they might be further humanised with the help of a Citizen's Income. Even more space is then given to the German education system and how it might be reformed.

The authors discuss implementation of a Citizen's Income scheme, and suggest that it should be paid first for children and young people and then to older people (largely because women's historically low labour market participation means that they are often ill-prepared financially for old age). An interesting section suggests that the income security we need was once provided by the family but now cannot be, and that only a Citizen's Income will be able to fill the gap.

A chapter on the results of the Namibian Citizen's Income pilot project contains too much about microcredit.

1000€ per month is a lot of money. The authors intend to pay for a Citizen's Income this large through taxing consumption rather than income and by abolishing most other government expenditure. They write rather too much about consumption taxes and are somewhat unrealistic about the level at which they might be collectable. Whether we would wish to abolish other public expenditure to the same extent in the UK, in which we already have a universal National Health Service and universal free education based on the same principles as a Citizen's Income, is rather doubtful.

But the authors are right to ask for radical change. We are no longer a 'self-help' agrarian society. We now rely heavily on other people's work, and therefore belong to a 'stranger-help' society. This is a huge paradigm shift, and it suggests that a welfare system based on self-help, as social insurance is, really does now need to be replaced by a system based on 'stranger-help', the purest form of which can only be a Citizen's Income.

This is a somewhat rambling book. There are long sections on matters with only oblique relationships to the Citizen's Income proposal, and the authors frequently return to issues already discussed. A forceful editor might have prevented the authors from expatiating on their rather irrelevant enthusiasms, and could have helped them to create a more concise, more connected, and better ordered book: but what is really interesting is that this holdall of a book should have become such a best seller. I suspect that this is because within it the magnitude of the changes facing our society are expressed with some feeling, and a proposal radical enough to respond to those changes, and sufficiently feasible for implementation to be conceivable, is expounded with equal feeling. This is above all an enthusiastic book by authors who believe that real change is possible.

Thoroughly recommended to anyone with enough German to read it.

[1]www.buchreport.de/bestseller/bestseller_einzelansicht.htm?tx_bestseller_pi1%5Bisbn%5D=9783430201087

Karl Widerquist and Michael Howard, *Alaska's Permanent Fund Dividend: Examining its suitability as a model*, Palgrave Macmillan, 2012, xvii + 267 pp, hbk, 0 230 11207 0, £62.50

In 1967 oil was found in the relatively new state of Alaska; in 1976 a constitutional amendment established the Alaska Permanent Fund (APF) to receive 25% of oil royalties; and in 1982 the fund paid out the first Permanent Fund Dividend (PFD) to every Alaskan citizen: the same amount to every individual. The world had its first Citizen's Income.

This important edited collection tells the political and legislative story of the APF and PFD, explains their operation, and discusses the dividend's economic impacts (- from being the US state with the most unequal net incomes in 1980, Alaska is now the state with the least net income inequality: p.53). Chapter 5 shows how distributing a dividend from a permanent fund generates political protection for resource revenues; chapter 6 explores the trade-off between higher average dividends and lower volatility facing any permanent fund administrators; and chapters 7 and 8 ask what will happen when the oil stops flowing: Will the Alaskan economy be in sufficiently good shape for the Permanent Fund to remain a political possibility?

In the second part of the book a number of authors debate the ethics of the Alaskan model. They find that Left-Libertarianism requires the collection and distribution of the natural resource components of *all* privately owned wealth; that the PFD constitutes a kind of Citizen's Income (though the fact that it fluctuates compromises its ability to behave like one); that if the dividend were to be transformed into a capital sum for every citizen at the age of majority, then citizens would become genuine stakeholders in the economy (with the temptations that that would bring); that the dividend only ambiguously coheres with a republican 'freedom-as-nondomination' perspective; that registering for the PFD makes the individual citizen complicit in the oil industry's contribution to climate change (though if Alaskan citizens were at the same time to prevent the same amount of climate change as Alaska's oil industry causes then they would escape this charge); and that a Citizen's Income can be consistent with a variety of moral theories. Finally, Widerquist and Howard draw a number of lessons: that resource dividends work, that they are popular, that they can be established anywhere politicians are willing to look for opportunities (as Governor Jay Hammond did); that governments need to assert community ownership of resources; and that coalitions need to be built if resource dividends are to be established and then defended.

We have waited a long time for a thorough book-length treatment of the APF and PFD, and Widerquist and Howard have served us well by pulling together such a relevant and coherent collection of essays. The one weakness is not of their making: As Scott Goldsmith suggests in chapter 4, there has been too little research on the economic and social impacts of the APF and the PFD. The research needs to be done and a second edition of the book then published so that we can all benefit from the results.

Mikael Krogerus and Roman Tschäppeler, *The Change Book: Fifty models to explain how things happen*, Profile Books, 2012, 1 78125009 9, hbk, vii + 167 pp, £9.99

For each of the fifty models there is a page or two of text and a page or two of diagrams. To give a flavour: There is a page about the 'm=3 and n=1' model: that is, we experience three dimensions of space and one of time. The text points out that the mathematics of quantum field theory can be formulated in rather more dimensions than that, but that more than three dimensions of space would offer too little stability, fewer than three insufficient complexity (and so no gravitation), and only a single time dimension permits causality inferences. (Readers beware: the authors have muddled up their ms and their ns.) The final paragraph theorises about a multiuniverse in which universes with different numbers of time and space dimensions are uninhabitable. The following page explains the situation with a diagram: and that's wrong, too, because the text does foresee a universe with three spatial dimensions and more than one time dimension.

To take another, more successfully executed, example: a page of text explains why economic booms and busts occur (rising share prices attract investors, falling share prices prompt selling); and a diagram usefully portrays how expected share price varies more than earnings per share (which more nearly reflects economic reality).

The models are divided into 'Explaining our world' (the section containing the examples above), 'Explaining my world', 'changing my world', and 'changing our world'. The divisions are somewhat arbitrary. Take the example in which we might be most interested in this *Newsletter*: the Basic Income Model is located in the 'changing my world' section, but could equally well have been included under 'changing our world'.

The two pages of text on a Citizen's Income (pp. 84-5) begin with a paragraph on problems facing our society ('the death of the social'), and then describe a Basic Income as a 'polemical as well as fascinating concept based on the idea that those who want to work should not be hindered and those who do not want to work should not be forced to do so'. The advantages of a Citizen's Income are well described ('There would be no more unemployment nor the social stigma attached to it', 'The job market would be "freer", etc.), and possible disadvantages are faced: for instance, 'a restrictive immigration policy'. The authors finally offer some questions: 'Would people become lazy ...?'

The authors are clearly rather taken with the idea of a Citizen's or Basic Income, and their enthusiasm is welcome, but the fact that the book is all about 'change', and preferably change as radical as possible, a Citizen's Income is described throughout as a world-changing policy. Rather than calling the pages 'Basic Income', they use the title 'What would turn our society upside down' (without a question mark); and in the text the idea is called 'polemical as well as fascinating'. This might not be helpful. Another way of describing a Citizen's Income is as a minor administrative change that would deliver appreciable economic and social benefits, and it is by framing the proposal in that way that we might be more likely to see movement towards establishing a Citizen's Income.

The following two pages offer a very useful, and rather less polemical, diagram, showing the connections between the current benefits system and a system based on a Basic Income (wage labour, money, and social status) and the differences: minimal bureaucracy in place of lots, freedom in place of stigmatisation, a focus on potential rather than a focus on need, and good wages for bad jobs rather than bad wages for bad jobs. The only problem with the 'Basic Income' side of the diagram is that's entitled 'utopia'. It wouldn't be.

In the edition of *The Big Issue* for the 14th to the 20th January Mikael Krogerus has written a two page article about *The Change Book*. The three models featured are about the pain that results from change, about how world governance might evolve, and about 'What would turn our society upside down?' (this time with a question mark) – and here he repeats the full text and diagram from the four pages in the book about Basic Income.

There is much food for thought in *The Change Book*, and particularly in the pages on a Citizen's Income.

Nicola Jones and Andy Sumner, *Child Poverty, Evidence and Policy*, Policy Press, 2011, xii + 250 pp, pbk, 1 847 42445 7, £23.99, hbk, 1 847 42446 4, £65

The authors' purpose isn't entirely described by the title or subtitle. They claim in their introduction that the book 'is about children's visibility, voice and vision' (p.1): that is, about children as agents. Even that isn't accurate, because we don't in fact hear children's own voices and visions in the book. What we hear is adults formulating ways in which we might experience children's visibility, voice and vision. The questions that the authors ask are these: 'How can we understand child poverty and well-being? What types of knowledge are being generated about the nature, extent and trends in child poverty and well-being in developing-country contexts? How can this evidence catalyse change to support children's visibility, voice and vision? Finally, how do these questions play out in different contexts?' (p.1).

The first part of the book studies concepts of child poverty and well-being, how knowledge about these is generated, how policy is formulated, and how knowledge informs policy. Well-being is understood in relation to a child's relationships and subjectivity as well as in material terms; there is a detailed discussion of the diversity of evidence available; and policy-formation is understood as a complex process from which children's voices are frequently excluded.

The second part of the book contains chapters on Africa, on Asia, and on Latin America and the Caribbean. For each continent there are sections on material, relational and subjective well-being; a section on knowledge generation (mainly in relation to information-gathering institutions); a study of the interaction between knowledge gathered and policy formation; and a case study. A concluding chapter emphases the importance of a child-centred approach if child poverty is to be abolished. Throughout the book there are tabulated literature reviews which will be immensely useful to future researchers.

It *would* have been interesting to have heard the voices of children, particularly in relation to the case studies. It would also have been educational to include a chapter on child poverty in so-called developed countries, and on how visible and audible children are in those countries' policy processes. Perhaps these areas could be tackled in future publications. It would also be educational to see research findings on how effective particular policy initiatives have been in tackling child poverty as defined in part I of the book, and on how children experience those initiatives – in their own words.

In particular: Does the gradual shift away from service provision and towards conditional cash payments (such as Brazil's *bolsa familia*) improve children's material, relational and subjective well-being? And would a Citizen's Income improve children's well-being further? (See our report on a Namibian Citizen's Income pilot project in the *Citizen's Income Newsletter*, issue 2 for 2009). In evaluating the outcomes, children's voices will be crucial, as this book rightly suggests.

Bernard Lietaer, Christian Arnsperger, Sally Goerner, and Stafan Brunnhuber, *Money and Sustainability: The missing link*, Triarchy Press for the Club of Rome, EU Chapter, 1 908009 7 53, pbk, 211 pp, £24

This report, written for a European group affiliated to the think tank The Club of Rome, stands in a long line of publications that identify the creation of money via bank debt as an economic, social, and ecological problem. Money created in this way, and the ways in which we have turned money into a variously packaged commodity, amplify boom and bust cycles, result in short term thinking, require economic growth to sustain the system, concentrate wealth, and damage the trust on which social capital is built. Repeated banking crises are a clear signal of a system in trouble.

The authors identify the fundamental problem as currency monopoly, and propose that the monopoly should be broken by an extension of existing experiments in complementary currencies.

The reason for this review in the *Citizen's Income Newsletter* is not because this book is about a Citizen's Income, or about the structure of tax and benefits systems. It isn't. But it is an exercise parallel in many respects to the research that the Citizen's Income Trust and others have done on feasible extensions of universal benefits. The book recognises that the current monetary system has to continue much as it is; it identifies problems with the current system, and argues convincingly that plural currencies at a variety of levels (local, national, and European) would be a partial solution to many of the current difficulties and would reduce the risk of future crises; it studies and evaluates existing experiments in alternative currencies; and it makes feasible proposals on the basis of those evaluations. Similarly, we have shown that a Citizen's Income would be an adaptation of the existing tax and benefits system, that it would respond to a variety of current economic and social problems, that it would build on existing experience of universal benefits, and that it would be feasible.

This is not the place for a detailed critique of the authors' nine specific proposals, but to this reviewer they appeared both feasible and desirable: as would be a Citizen's Income.

This is a good book on how limited economic reforms could make a real difference to both our global society and its environment.

Sophia Parker (ed.), *The Squeezed Middle: The pressure on ordinary workers in America and Britain*, Policy Press, 2013, 1 4473 0894 2, hbk, xii + 169 pp, £65, 1 4473 0893 5, pbk, xii + 169 pp, £21.99

This collection of essays tackles a major issue: the declining living standards of households on low to middle incomes (defined as households in income deciles 2 to 5). Both causes and partial solutions are explored. One major cause of declining living standards is the failure to maintain the value of national minimum wages, but another is the gravitation of the proceeds of economic growth towards households in the upper earning deciles, leaving lower earners struggling to afford mortgages, social care, and, in the US, health care. Partial solutions might be focused training, in-work benefits, more affordable housing, higher national minimum wages, employers paying a 'living wage', and jobs of better quality (- the UK has a better record than the US here, particularly in relation to employment rights for agency and part-time workers). The authors suggest that attending to the politics of the situation is essential, and that an important direction of travel might be asset-based welfare provision such as child trust funds, although some of the current attempts at incentivising asset accumulation tend to privilege the already wealthy.

The volume's concluding chapter finds the US experience to be worse than the UK's, and warns the UK to avoid policies that have led the US towards ever greater inequality. A particular lesson to take to heart is that the welfare state, and particularly free health care, has protected lower and middle earners in the UK from some of the worst effects of the economic downturn suffered in the United States: so if the UK wishes to avoid the plummeting living standards of the US then maintaining a strong welfare state is essential.

However, as Lane Kenworthy explains, some elements of the welfare state might be more of a problem than a solution. Tax Credits (and Universal Credit) weaken employment incentives, particularly for second earners, 'and may in fact make things worse for many families' (p.40). Daniel Gitterman contributes a detailed study of the United States' Earned Income Tax Credit, in the course of which he makes a few comparisons with the UK's Tax Credits. He might have added that the US Tax Credits are close to being genuine (annual) tax credits, whereas the UK's 'Tax Credits' are in fact means-tested benefits, with all the problems usually consequent upon means-testing. In their introduction, the editors write that households with net incomes in the second, third, fourth and fifth income deciles are 'not heavily reliant on means-tested benefits' (p.xi). This might be true in the US, but it is not true in the UK, where a high proportion of earners in the second and third income deciles will be heavily reliant on means-tested 'Tax Credits'.

The book covers a lot of ground, in terms of both diagnosis and prescription. However, diagnosis of the employment disincentives imposed by means-tested Tax Credits is not followed up with any prescription for reform. A benefits system based more on universal benefits would not impose anything like the same level of employment disincentives as the UK's current system. Child Benefit gets a mention (on p.95: a reference unfortunately not indexed), but only as part of an argument that higher out-of-work benefits reduce employment incentives: a highly misleading suggestion, because Child Benefit is paid at the same rate to households both in and out of employment, and so in no way contributes to employment disincentives. It is the deduction rates related to means-tested benefits that cause such disincentives, not unconditional benefits such as Child Benefit.

The declining living standards faced by households with below median incomes are not likely to see much improvement in the near future, and the volume under review will be a valuable tool as policy-makers consider the reforms that might improve living standards for households in income deciles two to five. Policy makers might also wish to consider the possibility that this section of the population would benefit substantially from the implementation of a Citizen's Income.

Åsa Lundqvist, *Family Policy Paradoxes: Gender equality and labour market regulation in Sweden, 1930-2010*, Policy Press, 2011, viii + 155 pp, hbk, 1 847 42455 6, £65

The Nordic countries provide generous gender-neutral parental leave and benefits and also publicly-funded childcare, and the result is an unusual combination of high fertility and high female labour market participation. This book is a detailed study of family policy in Sweden, particularly in relation to two paradoxes: that policy promotes both mothers as carers in the home and as workers in the labour market, and that men and women are regarded as both different and equal.

The book is a study of how Swedish social policy relating to the family has arrived at its present state and of more recent developments which have been driven in different directions by a greater individualisation in society (and thus defamiliarisation) and an understanding of women as disadvantaged within the family. Most recently, a reintroduction of a benefit for carers at home, and the introduction of labour market incentives for women, have exacerbated the paradoxicality of the situation.

As the concluding section of the book suggests, the fundamental paradox is between equality and freedom of choice. We might put it like this: How to preserve radical gender freedom in the face of government policies aimed at equality in the labour market? And how to preserve gender equality in the face of government legislation designed to give to carers freedom over how they organise their households and their labour market participation? These are vital questions for any government, and are thus an essential field of debate for anyone promoting debate on social policy reform.

This is a well-researched and thought-provoking book.

Alberto Brugnoli and Alessandro Colombo (eds), *Government, Governance and Welfare Reform: Structural Changes and Subsidiarity in Italy and Britain*, Edward Elgar, 2012, 1 84844 477 5, hbk, xii + 183 pp, £65

Fundamental to the argument of this book are two different varieties of subsidiarity: what the authors call 'vertical subsidiarity': the idea that authority should be exercised at the lowest possible level in a hierarchy of authorities; and 'horizontal subsidiarity': the requirement that higher authorities should resource lower-level authorities to pursue the activity over which they have authority, including the resourcing of individuals and households to pursue their own chosen goals. 'Network accountability and resourcing', whilst being more of a mouthful, might be a more accurate expression of what the authors intend by 'horizontal subsidiarity': a multi-directional distribution of competences and resources across individuals, households, local communities, private sector companies, voluntary organisations, and public authorities.

The book's first section is more theoretical in nature, and studies concepts relating to governance and subsidiarity; the second section charts the increasing relevance of regions within countries as opposed to nation states; and the third section studies recent changes in welfare state governance – and here UK readers will be particularly interested in Helen Haugh's study of social enterprise involvement in health service delivery, and Martin Powell's comparison of sometimes quite radical vertical and horizontal subsidiarity in Lombardy and the increasing involvement of private sector and voluntary sector organisations in welfare provision in the UK.

The fourth section of the book studies ways in which national governments have resourced households and individuals to take responsibility for their own welfare. Of particular interest will be Julian Le Grand's chapter, in which he discusses the design of quasi-markets in welfare delivery, how to ensure equity of provision in a quasi-market context, and why such asset-based welfare instruments as child trust funds should be universal.

Tax and benefits were not on the agenda of the group of scholars convened by the Institute for Research, Statistics and Training in Lombardy to research and write this volume. If a further volume tackles this subject then a chapter might usefully be given to an impending experiment in the UK. Since the nineteenth century, social security benefits have been a nation state competence (- as in most countries, although sometimes aspects of schemes will be devolved to the next layer down, as in the US). Policy and regulations are set at national level even when administration is managed locally, as with Housing Benefit. The UK government has now decided to localise Council Tax Benefit policy and regulations at the same time as it combines national in-work and out-of-work means-tested benefits in order to enhance employment incentives. It will be interesting, and perhaps painful, to watch the consequences of the interaction of a nationally regulated Universal Credit and a locally regulated Council Tax Benefit.

If the Institute does publish a volume on tax and benefits, then the editors might conclude that there are some aspects of welfare provision ripe for greater subsidiarity, and some that require policy and regulations to be determined at the *highest* possible level of authority. We have seen trade rules becoming more continental and global, and we are seeing calls for greater European involvement in such fields as food safety; and it might be that at the same time as the governance of such functions as social care and social housing become more local, taxation and benefits policy and regulation should become increasingly global. The editors might also decide that greater subsidiarity and increasing globalisation might in some circumstances benefit each other, and that in particular the best way to promote the ability of households and individuals to fulfil their own chosen goals might be a European or global universal Citizen's Income.

Short notice

Anne B. Ryan, *Enough is Plenty: Public and Private Policies for the 21st Century*, O Books, 2010, x + 215 pp, pbk, 1 84694 239 6, £11.99

'The concept of *enough* is developed throughout this book … *enough* is relevant to public policies and personal resources … *enough* is not uniform throughout the world; it can take different forms and expressions for individuals and for cultures.' (pp.1,2)

The author explores the ecological, aesthetic, moral and spiritual aspects of 'enough'; discusses the limitations of monetarization of the economy and of GDP measurement; and describes industrialised agriculture as 'suicidal' (p.50). Solutions are suggested: individualised carbon trading, a Citizen's Income, locally-traded food: and the principles underlying these proposals are explored.

There is much here that echoes E. F. Schumacher's *Small is Beautiful* (HarperCollins, latest printing 2001) and John V. Taylor's *Enough is Enough* (SCM Press, 1975: sadly now out of print), and there is a rather rigorous treatment of many of the areas of interest in Tony Fitzpatrick and Michael Cahill, eds., *Environment and Welfare* (Palgrave Macmillan, 2002). Discussions of these three books would have enhanced the book under review. There is no bibliography and no index, which is a pity.

Of particular interest to readers of this *Newsletter* will be chapter 5 on a Citizen's Income. A Citizen's Income's effects on employment patterns are discussed, as are possible objections to the policy and options for paying for a Citizen's Income. The author concludes: 'The principles informing a Citizen's Income help us to ask radically new questions about the nature of work and security.' (p.115)

This wideranging book addresses us with the questions: '*Do* all of these problems and proposed solutions hang together?' '*Could* they hang together?' The answer to the first is 'Not necessarily', and the answer to the second 'Possibly'. There might be little in this book that is really original, but for the positive answers which it gives to these questions the book is worth reading.

Viewpoint

Scottish welfare after independence

by Anne G Miller

As many of you will be aware, on Thursday, 18 September 2014, the Scottish people will be invited to vote in a referendum to decide 'Should Scotland be an independent country? Yes/No'. In order to be prepared for such a momentous event, the Scottish Government has set up an Expert Working Group on Welfare, comprising five members with backgrounds in different areas of social policy. Mike Brewer is Professor of Economics in the Institute for Social and Economic Research at the University of Essex, and also a Research Fellow at the Institute for Fiscal Studies. Martyn Evans, now Chief Executive of the Carnegie Trust, has experience from the Scottish Consumer Council, CAB Scotland and Shelter. Douglas Griffin has been Director of Finance in different NHS Trusts. Darra Singh OBE has worked for both Housing Associations and for the DWP. Lynn Williams works for SCVO, and recently has become a member of the Scottish Government's Carers' Reference Council.

Details about the Expert Working Group on Welfare can be found at www.scotland.gov.uk/Topics/People/welfarereform/EXPERTWORKINGGROUPONWELFARE

The Group's remit is to

> review and provide assurance on work undertaken by the Scottish Government on:
>
> - the cost of benefit payments in an independent Scotland upon independence
> - the delivery of those payments in an independent Scotland.
>
> The Group will also offer views on immediate priorities for change.

Organisations and individuals were invited to submit evidence between 8 February and 8 March 2013. Being a Scot based in Edinburgh, I made a personal submission to the Working Group making the following points.

The 'Call for Evidence' paper of the Expert Working Group on Welfare is heavily geared towards asking questions about how the current UK Social Security system (including the change to Universal Credit) can be transferred to Scotland after Independence, particularly with reference to the costs, and to its delivery of the benefits.

The current UK Social Security system, comprising a contributory National Insurance scheme and means-tested safety-net (Social Assistance), is neither fair nor efficient, and is an expensive method of keeping poor people still in poverty. It is not just the below-poverty levels of benefit that prevent the benefit system from delivering security, but also its complex and opaque structure. Together with the UK's personal income tax system, it has helped to transfer income and wealth from the poorest section of society into the pockets of the richest, over the last three or four decades. It is a system that has been tried and failed, and should not be imposed on the Scottish people.

One of the reasons why the Scottish people want Independence is so that they can create a much fairer, more egalitarian society that reflects their values more accurately than can be achieved under the current or future Westminster governments. While adopting the current Social Security system initially may enable a smoother transition from dependence to Independence, it is important for the Scottish people to have a debate about the form of Social Security that would suit them, comparing the merits and costs of the current UK Social Security system compared with those of a Basic Income system.

The Centre for Social Justice's report, *Dynamic Benefits: Towards welfare that works*, (September 2009), correctly identified the main problems inherent in the current system, and although it recognised that a Basic Income (BI), or Citizen's Income (CI), scheme would tick all the required boxes, it eschewed this approach in favour of marginal tinkering at the edges of the current system.
(See www.centreforsocialjustice.org.uk/publications/.)
The result is the Universal Credit, to be introduced between 2013-14 and 2017-18, which will make marginal, rather than radical, changes to the Social Security system, and will introduce an additional layer of complexity to the system. The Westminster Government's Universal Credit proposals were reviewed in the *Citizen's Income Newsletter*, 2011, issue 1, available from the CIT website.

The European Union introduced a new procedure entitled a European Citizens' Initiative (ECI) in April 2012, which enables groups of citizens from different countries across the EU to register a request or proposal to the European Parliament. If registration is accepted, then the group must obtain signatures from 1 million of the 500 million citizens of the EU within the following year in order for the proposal to be put before the Parliament. Already a group of more than 50 people from 14 countries has gathered regularly, and on the 14th January 2013 they registered an ECI on Unconditional Basic Income (UBI). They call for a UBI that is 1) universal, 2) individual, 3) unconditional and 4) 'high enough to ensure an existence in dignity and participation in society'. For further information see http://basicincome2013.eu/ and http://basicincome.be/act-support/the-eci-on-ubi/

The introduction of a UBI that is universal, individual, unconditional and high enough, does not by itself define a complete system. Other details have to be added, such as the actual level(s) of the BI, how it is financed, and with what other instruments it should be coupled. A BI scheme can help to fulfil a number of objectives, but by itself it cannot redistribute income from rich to poor. A restructured personal income tax system is required to meet that objective. There is no one optimum Basic Income scheme.

As I show in my paper 'A rule-of-thumb Basic Income model for the UK', published in the last edition of the *Citizen's Income Newsletter*:

- a Citizen's Income (CI) scheme can be designed to meet a set of stated objectives, according to specified priorities.
- if financed by a hypothecated, restructured, flat-rate or progressive, personal income tax system (replacing both the current UK income tax and employees' National Insurance contributions systems) in which there were no personal allowances (apart from the CIs), no tax exemptions and no tax loop-holes, then an approximate figure for the income tax rate required to finance the scheme can be calculated;
- a simple Rule of Thumb can be used for establishing the level of a Partial CI at 0.25 of mean income per head, calculated from the latest available figures, and a further 0.25 of mean income per head to top up the Partial CI to a Full CI, for those whom a compassionate society would not compel to top up via earnings. It is suggested that these include those over pension-entitlement age, those with disabilities, unpaid carers-of-last-resort, and, as now, the responsible parent of a dependent child (aged 0 – 15);
- current higher rate income tax-payers (2012-13) would lose very little, (5% of net income at most, and the proportion decreases with gross income)
- that those entitled only to partial CIs could be allocated an initial tax-free tranche of gross income until their net income schedule meets and merges with the Full CI schedule, thus providing a progressive element in the income tax schedule (justifiable on both equity and efficiency grounds)
- there is a variety of potential levels for the Partial BIs, and of associated income tax rates on the initial tranche of gross income before the Partial and Full CI schedules meet and merge, any one of which could be introduced as an alternative without changing the standard rate of income tax. This offers a remarkable degree of flexibility.
- even fairly generous BI schemes are economically feasible in the UK.

Although the ideas are illustrated with figures for the UK, the scheme is easily transferable to other similar countries, including an independent Scotland.

With respect to the transition from the current Social Security system to a CI scheme, a sector approach would be feasible: to increase a universal Child Benefit to 0.25 of mean income per head, first, followed by a Full CI for elderly people next (together covering approximately 35% of the population), then to introduce CIs for the working-age members of the population, and make changes to the personal income tax system.

The redistribution aspect of the above scheme, reversing the trend of the last three and a half decades, transferring funds from richer people, who have a larger propensity to save, to poorer ones who will spend a higher proportion of their income, is expected to boost demand. It would also help to regenerate run down local economies, thus building up the national economy as a stable core, so that the Scottish economy would not be so dependent on the vicissitudes of the global economy. Reduced marginal deduction rates would increase incentives to work-for-pay for people on low incomes.

Scotland differs from England in several respects. One is the much smaller size of its population, (5.25 million), most of it concentrated in the Central Belt, leaving vast tracts of land relatively under-populated, with its own attendant problems. One should look to other similar nations, such as the Nordic countries, for clues about how to cope. Another difference is the

Scottish demographic profile, resulting from Scotland's most valuable export, its young and middle-aged educated people. This was reflected in the mid-2010 population figures by a lower proportion of children aged 0-15, and a slightly higher proportion of people aged 65 or over, (although with a slightly lower proportion of people aged 80 or over), compared with figures for the rest of the UK. It is important in the near future to provide financial incentives to enable those Scots who wish to contribute to an independent Scotland to do so.

It is also important that Scotland should provide an education system that has as its first aim that of building the confidence and self esteem of all of its children, also imbuing them with values of integrity and compassion, - caring for their neighbours, - inculcating attitudes of pride in their work and reliability, and teaching them life-skills. These must surely be the groundwork on which future employability, and entrepreneurship, must be based. Another difference is that Scotland has had a tradition of a large proportion of its population living in tenements, or in public housing. Regulating the housing market so that houses become merely homes once again, rather than speculative investments, could make home-ownership accessible to a higher proportion of Scots than at present.

Although an independent Scotland might experience difficulties initially, while adjusting to becoming a free nation again, I have every confidence in its prosperity in the future, with its natural resources of renewable energy and water. However, its people are its greatest assets, and investment in these must be the first priority for the Scottish Government. It is important that a debate, comparing the relative merits and costs of the current UK Social Security system and of an alternative Citizen's Income system, should take place as soon as possible in Scotland.

A new book: *Money for Everyone*

The Policy Press are planning to publish *Money for Everyone: Why we need a Citizen's Income* on the 27th June. The Press says about the book:

> Due to government cuts, the benefits system is currently a hot topic. In this timely book, a Citizen's Income (sometimes called a Basic Income) is defined as an unconditional, non-withdrawable income for every individual as a right of citizenship. This much-needed book, written by an experienced researcher and author, is the first for over a decade to analyse the social, economic and labour market advantages of a Citizen's Income in the UK. It demonstrates that it would be simple and cheap to administer, would reduce inequality, enhance individual freedom and would be good for the economy, social cohesion, families, and the employment market. It also contains international comparisons and links with broader issues around the meaning of poverty and inequality, making a valuable contribution to the debate around benefits. Accessibly written, this is essential reading for policy-makers, researchers, teachers, students, and anyone interested in the future of our society and our economy
>
> The author is Dr. Malcolm Torry, Director of the Citizen's Income Trust. He has first degrees in mathematics, theology, philosophy, and economics and management; and higher degrees in social policy and in theology. He has recently completed an honorary research fellowship in the Social Policy Department at the London School of Economics. He is Team Rector of the Church of England Parish of East Greenwich.

For an initial period the book can be ordered at a reduced price (£19.99 rather than £24.99) on the Policy Press website: www.policypress.co.uk.

We look forward to the debate that will follow the publication of the book.