Citizen's Income *newsletter*

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Contents

Citizen's Income Newsletter
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Editorials

Think tanks

Think tanks are now an essential part of the political landscape. There was a time when political parties openly debated policy ideas: but no longer. Newspapers, social media, blogs, and twenty-four hour news channels are always circling, waiting to pounce on the first whiff of debate (which they call 'disunity', which it usually isn't), or of a political party discussing an issue and slightly changing its position (which they call a 'u-turn', which it usually isn't). Open political debate within political parties – at least, anywhere near where members of the public might see it – is therefore stifled: and when internal debate does occur, then there will often be someone who thinks that their particular cause will be served by leaking emails or memoranda to the press – and so party leaderships understandably do all they can to prevent such debate happening in the first place. The exception to all of this is the Green Party, in which the membership actively debates and decides policy – giving the media plenty of opportunity to attack the often not fully formed policies.

There used to be another location for policy debate: Royal commissions and similar parliamentary enquiries. These would be established to study often quite broad policy fields and to make recommendations to the Government of the day. Parliamentary enquiries are still used to study particular events, but rarely now to study policy fields. The reason is that if a parliamentary enquiry suggests policy changes that the Government doesn't like, then the Government is left in the unenviable position of having to implement the policy change recommended, or saying that it will not do so, or leaving the report to gather dust, for all of which it might be criticised.

It is in this situation that think tanks have become increasingly useful. They will often be loosely related to political parties, and so will frequently study policy issues that the party wishes to think about. A party in government might take a think tank report off the shelf and decide to make the changes recommended: but because think tanks are not integrated with the political parties themselves, it is no problem either to the party or to the think tank if a party decides to take no notice of think tank reports.

An option open to think tanks, and not to political parties, is that they can choose to work together. A good example of this is the conference held on the 2nd March by the right-leaning Bright Blue and the left-leaning Fabian Society (- a report appears in this *Newsletter*). At one of the sessions of the conference both the General Secretary of the Fabian Society, and the Assistant Director of the Adam Smith Institute, said that they thought a Citizen's Income to be worthy of consideration, and that both of the think tanks were actively working on the issue. The other member of the panel, Alison Garnham, Chief Executive of the Child Poverty Action Group, agreed with them. This unbidden and unco-ordinated agreement between think tanks and CPAG suggests that the think tank and campaigning worlds are coming round to the idea that a Citizen's Income might be an important mechanism for reducing poverty and inequality and might be of service to our society and our economy in a wide variety of other ways too. We look forward to their reports, and to political parties not leaving them to gather dust.

Localisation

In a report entitled *Poverty and Devolution*, [1] the Institute for Public Policy Research suggests criteria for deciding whether a benefit could be devolved to a more local level (as Council Tax Relief has been recently). If a benefit is contributory, or if it acts as a countercyclical stabiliser, as Jobseeker's Allowance does (- that is, the amount spent on it rises during an economic downturn), then it should not be devolved; but if a benefit relates to already devolved functions, or the amounts paid relate to local circumstances (such as housing markets), then devolution to more local levels might be appropriate. In relation to this last criterion, both employment support and Housing Benefit could be considered for devolution.

We would like to suggest a further criterion: that devolution should not be considered if devolution would complicate the administration and impacts of either the benefit in question or of the administration of other benefits. Take the example of Council Tax Relief. The localisation of regulation, as well as payment, of Council Tax Relief to local authorities has complicated the already complex relationship between Council Tax Relief and other means-tested benefits (including Tax Credits), and particularly in relation to the transition to Universal Credit. One of the reasons for implementing Universal Credit was to provide a consistent taper rate across the entire population of means-tested benefits recipients. Locally regulated Council Tax Relief has compromised this objective; and because many claimants receive Council Tax Relief as well as other means-tested benefits or Tax Credits, and the calculation of each of these benefits takes into account income from other sources, including other benefits, both the administration of benefits, and the amounts that claimants receive, have become less predictable. To localise Housing Benefit would pose the same problems.

A benefits system founded on a Citizen's Income would make it much easier to devolve benefits. Housing Benefit and Council Tax Relief would for most claimants be the only means-tested benefits that they were on, and because the amounts of a household's Citizen's Incomes would be entirely predictable, a household's Citizen's Incomes would not affect the administration of the localised benefits. Neither would the calculation of the localised benefits affect someone's Citizen's Income.

Because households' Citizen's Incomes would float the vast majority of households currently on Jobseeker's Allowance off all means-tested benefits apart from Housing Benefit and Council Tax Relief, tests for work readiness or work search would no longer be required, and sanctions would become redundant. Employment support would still be required, and we agree with IPPR that this would be best managed locally. Many local authorities already offer this service. To take just one example: for nearly twenty years, Greenwich Local Labour and Business (GLLaB) has been matching Greenwich residents to local job opportunities, and, where local skills gaps are revealed, GLLaB organises the necessary training. No sanctions are required.

There could be no better context for the localising of means-tested benefits than a Citizen's Income scheme.

The Institute for Fiscal Studies' *Green Budget*

The Institute for Fiscal Studies' annual *Green Budget* sets out in as objective a way as possible the options facing the Chancellor of the Exchequer as he approaches his budget announcement, and both the publication's overall message and its detail are always worthy of careful study.

However, there are parts of this year's *Green Budget* that we would like to question. On p.213 we read that 'one high-profile change has been the introduction of a means test for child benefit'. This is not strictly true. What has been introduced is an additional tax charge on higher rate tax payers living in households that receive Child Benefit. Child Benefit remains a universal and unconditional benefit. Clarity over this is important, particularly because the *Green Budget* goes on to argue that as

[1] www.ippr.org/publications/poverty-and-devolution-the-role-of-devolved-governments-in-a-strong-national-social-security-system

Child Benefit is already means-tested it should be combined with Universal Credit. But Child Benefit is not means-tested, and it should not be. To means-test it, or to combine it with Universal Credit, would add to the employment disincentives that the *Green Budget* quite rightly suggests that we should avoid (p.197).

We are pleased to be able to agree with the *Green Budget*'s detailed argument and conclusions in relation to the Winter Fuel Allowance, and with the authors' verdict that 'the debate around winter fuel payments seems to have become totemic rather than a serious discussion about whether less can be spent on supporting the elderly through the benefits system' (p.223).

A welcome new chapter in this year's *Green Budget* is chapter 6 on the changes in the public accounts that bring them more into line with current business practice. This change is welcome because it enables government assets to be properly accounted for, and it also creates more clarity as to the boundary between government expenditure and expenditure provided by government for non-governmental organisations (- though the chapter recognises that it will not always be easy to decide where this boundary will be). However, one boundary that the new structure has not questioned is that between income tax and spending on social security benefits. A tax allowance results in revenue foregone. If the personal tax allowance were to be abolished, and cash payments of the same value were to be paid instead, then the Government's fiscal position would not alter and individuals' disposable incomes would not change. Therefore revenue foregone should be counted as social security expenditure – or, alternatively, spending on income maintenance should be separated from income tax receipts before they are reported. To maintain the current boundary between tax receipts and social security spending prevents rational decisions being made about the best approach to income maintenance. Perhaps a future edition of the *Green Budget* will contain a single chapter on the combined effects of Income Tax, National Insurance Contributions, and social security expenditure on income maintenance, rather than the separate chapters that we have always seen until now.

Main articles

How close is the new state Single Tier Pension (STP) to a Citizen's Pension?

By Jay Ginn

The new Single Tier Pension (STP) combines the basic state pension (BSP) and state second pension (S2P) to create a new flat rate pension for individuals reaching state pension age (SPA) from April 2016. The full STP – around £150 per week, £25 below the OECD poverty line - will be payable to each individual with 35 years of NI contributions or credits, with pro rata amounts for shorter records. Derived pensions will be phased out. Existing pensioners and all individuals reaching SPA before April 2016 will be excluded from STP.

Initially the STP will be calculated so that no individual receives less than they would have done under the current system (see Crawford et al. 2014 for details of calculation method). But in the longer run, some will be worse off, mainly those who contributed for longer or whose pay is higher than average. By 2060, the STP will cost 0.4% of GDP pa *less* than the existing NI scheme.

Among those reaching SPA from 2016-20, 43% (35% of men, 61% of women) will be better off due to either long term self-employment or long periods of caring or disability before 2002. A quarter of the 43% will see an increase of £5+ per week, 13% an increase of £10+, but for some of these the increase will be offset by loss of means-tested benefits (Crawford et al. 2014). This is because the STP amount will be set only just above the threshold for means-tested Pension Credit Guarantee and any shortfall of NI (below 35 years) will bring the STP amount below the threshold.

The close link between STP and Pension Credit level is likely to be maintained in the longer term, so means testing will continue to create a pension poverty trap for those with less than 35 years NI. A small amount of private (occupational or personal) pension or earnings would mean loss of means tested Pension Credit and other means tested benefits. Moreover, with means testing at the level of the household, a member of a couple with a short NI record could be ineligible for means tested benefits due to their partner's income and would then have a very low personal income.

The STP was meant to encourage individuals to stay in the new auto-enrolled Defined Contribution (DC) workplace pensions (from 2012) by reducing the risk of interaction with means testing in retirement. However, the proportion of individuals who will be affected by the pensions poverty trap remains in doubt. No one can be certain to receive a full STP, nor that their pension saving will be large enough for any loss of means tested benefits to be trivial. Life events affecting employment and earnings, as well as stock market performance affecting the pension fund, are both unpredictable.

In contrast, a Citizen's Pension would be payable at SPA to every individual with a legal right to residence (a 'citizen') and any extra income they earn or have acquired through private pensions would represent a financial gain. Everyone could look forward to income security – at a basic level - in later life. Although Housing Benefit is means tested, other policies such as rent regulation would remove or reduce the necessity for this expensive subsidy to landlords.

The National Pensioners Convention recommend a Citizen's Pension at least as high as the OECD poverty line (now about £175 per week), funded by NI and payable in full to all, including existing pensioners, who have 30 years residence in the UK (NPC 2014). The tax-funded Dutch and Danish Citizen's Pensions also depend on years of residence; they have led to low pensioner poverty rates for both women and men.

References

Crawford, R. et al. (2014) *A New Single Tier Pension. What does it really mean?* IFS Report R82.

National Pensioners Convention (2014) *New State Pension. Briefing.*

Dr Jay Ginn is a Visiting Professor at Kings College London's Institute of Gerontology. Her most recent publication is *Gender, Pensions and the Lifecourse* (Policy Press, 2003).

A Green Party perspective

By Penny Remfry and Alison Whalley

Citizen's Income – an idea too idealistic to take seriously or one whose time has come?

For those who may be hearing about a Citizen's Income for the first time, it is a non-taxable, non-means tested, unconditional, regular income paid to every UK citizen regardless of whether they are in or out of work. It will replace most, but not all, benefits, but most importantly it is a secure income for everyone regardless of circumstances. It is to provide a stable degree of economic security throughout the different stages of one's life.

The Citizen's Income has been Green Party policy since the Party's beginning. Members in North East England have taken it off the shelf, got it back on the agenda for updating and costing, and are beginning a discussion about how to present it in a way which provides a realistic solution to the many issues and concerns that people have about their own economic situation.

At a meeting on the issue in October 2014, a dozen or so North East Green Party members got together to talk about how to present the Citizen's Income, and to discuss the kinds of objections which would be raised against it and the positive arguments for it.

The cost of the Citizen's Income and the assumption that some people would take advantage of it were seen as the most obvious objections, together with the concern that employers would take advantage of it by reducing wages because people would have a basic income. Against these arguments there were many positives: it would get rid of the poverty trap, it would promote social cohesion because being universal no one could be accused of being a so-called 'scrounger' for receiving it, and it would give people more choice in the type of paid work, training and education they engage in. This is very important these days when increasing numbers of people are being forced into part-time, temporary and insecure employment. The Citizen's Income would provide an important foundation for the kind of 'portfolio' paid working lives which more and more people are likely to have in the future.

It was agreed that the Citizen's Income cannot be planned or introduced in isolation from other Green Party policies. There needs to be discussions about the future of jobs, and what we mean by 'work' by exploring the value of unpaid activity and its contribution to community and social life; we need a housing policy which addresses the lack of affordable, energy-efficient homes; we need an employment policy which ensures that wages are not forced down and that employment rights are protected. We need more discussion within the Green Party about the impact of a Citizen's Income on our consumer society and economy, what unforeseen consequences there might be, and to make sure that all policies are mutually compatible.

And finally, what should we call this policy? In Europe it is called a Basic Income (see *Basic Income: The Movie* at www.youtube.com/watch?v=ViywrpAyVdY) because it would provide a foundation upon which people can build their lives. There are arguments for calling it the Universal Basic Income because the notion of universality is so important. But in our discussions the majority were in favour of keeping it as the Citizen's Income because it implies both rights and responsibilities of citizenship, recognizing our relationship with others and with the community.

We are going to continue our discussions about the Citizen's Income and encourage other local groups and organisations to invite us to speak about it. We urge other Local Green Parties to do the same and join in the discussion.

The Citizen's Income: an idea too idealistic to take seriously or one whose time has come? Our answer in North East England: Its time has come. Let's start making it a real possibility.

North East England Green Party: Penny Remfry - premfry015@aol.uk; Alison Whalley - alison.whalley@greenparty.org

Obituary

Philip Vince

19 February 1933 – 4 February 2015

Philip Vince was a faithful member of the Liberal/Liberal Democrat Party for sixty-five years, and he regularly attended party conferences. Both William Beveridge and Lady Juliet Rhys- Williams had been members of the Liberal Party, and maybe it was the latter's influence that led to the Liberals putting forward their own tax credits scheme in 1979, in which Philip was involved, and which he prepared for submission to the same 1983 Treasury and Civil Service Select Committee enquiry to which Brandon Rhys Williams MP submitted the Basic Income scheme prepared by Hermione Parker. However, the Liberal Party's policy became lost during the late 1980s, when the newly-formed Social Democratic Party regularly held their annual conference in the week before that of the Liberal Party, and effectively defined their own and the Liberal Party's joint policy: but during the early 1990s Philip was again involved in the Liberal Democrats' advocacy for a Citizen's Income.

Philip was a founder member of the Basic Income Research Group (BIRG) in 1984, and a trustee since it became a charity in 1989. BIRG changed its name to the Citizen's Income Trust (CIT) in 1992. Philip was a solid soldier to its cause over many years. He became Secretary and Treasurer in 2001 and kept our accounts in order and prepared them for auditing. Trustees' meetings benefited from his sharp intellect and astute comments. He kept up-to-date with, and was knowledgeable about, the changes in the benefit and income tax systems each year, and contributed to the detail of CIT's costings of different CI schemes. He was also involved in preparing the Citizen's Income Trust's evidence to the Work and Pensions Select Committee's enquiry into benefits simplification in 2006.

Philip was an intensely private person, and tried to keep the different compartments of his life separate from each other. One department of his life that he kept strictly separate from everything else was his thirty years of mathematical work for IBM, from the development of the first commercial mainframe computers to that of the first personal computers. In relation to all of his other activities, Philip eschewed the services of a personal computer, and we were used to receiving letters in his small, clear, precise handwriting. The common theme binding together his work for the Citizen's Income Trust, his work for IBM, and much else, was a love of numbers: a passion that he developed while he was studying mathematics at the University of Cambridge, and that never left him.

Philip lived in the same London flat all of his adult life. He was very keen on music and regularly attended the Wexford Music Festival in Ireland and Glyndebourne. While in hospital in November 2014 for a heart operation, which was successful, he contracted an infection that eventually resulted in his death. Philip was a kind and gentle being. We shall miss his warmth, civility, dignity, and quiet, thoughtful presence at future trustees' meetings.

Anne Miller, Chair, Citizen's Income Trust

News

Community Links has published two reports. *Just About Surviving* studies the cumulative impact of recent welfare reforms on the residents of the London Borough of Newham: www.community-links.org/uploads/documents/Just_About_Surviving.pdf. 'People want to work for a variety of reasons: to gain financial security and a steady income, but also for the emotional and social benefits that employment brings, and to be a good role model for their children. They want to escape the perceived stigma of claiming benefits and to have a sense of pride over their work. On the whole, we found that people's motivation to work was not improved by the reforms or by the loss of income they had experienced due to these changes. The indiscriminate slicing of income instead prompted people to retreat and default to survival mode. Although welfare reforms seriously affected people's finances, they did not make work seem like a viable or attractive option. In many cases having a job was viewed as equally precarious or simply not possible given people's circumstances. Everyone that we spoke to was aware of the poorly-paid and precarious nature of the labour market, and those in work were still dependent on financial assistance from the state. Several people we spoke to who were in work reported that they did not feel financially better off as a result. (p.6)

Secure and Ready: Towards an early action social security system, calls for an extension of 'the universal approach to reduce the risk of people who need support not accessing it and reduce stigma for those being supported' (p.6). We quote at length: 'Services or transfers heavily restricted to particular individuals according to income or circumstance might be cheaper in the short term – targeting only those in clear need – but they face three risks. Firstly that people who are eligible and would benefit nonetheless don't access the service, either because they are unaware or confused about their eligibility or are put off by the stigma attached to using a service closely identified with a minority … . Secondly it is rarely possible to accurately assess need and the crude criteria usually used will often exclude more people who actually need help than they include. For example the duration of unemployment is not necessarily the best indicator of need for employment support. In epidemiology this is known as Rose's 'prevention paradox'. Where those identified as high risk make up a small minority of the population, it is likely that a majority of the cases will actually arise from the low-risk group. Universal services are often therefore more cost-effective than targeted ones. Thirdly, the resources needed to accurately determine eligibility and to police compliance make selectivity less efficient than universalism. And finally, the quality of a service is often lower if it is restricted to a minority who are not empowered to demand change, as is the case with employment support services (Danson et al, 2012), resulting in poorer outcomes. The advantages of universalism have led some to argue for a universal social security payment- a 'basic income' – which would be paid to everyone irrespective of income. It would certainly be a good example of early action – investing upfront – but its cost leads many people to dismiss it as unrealistic. Nevertheless, a robust long-term, cross-departmental analysis might demonstrate that the investment is more than returned in lower demand on other services. It is certainly worth exploring.' (p.30) www.community-links.org/uploads/documents/Secure_and_Ready.pdf

Liberal Democrat Voice has published a blog post on Citizen's Income: 'A number of Liberal Democrat members have got together in support of the Universal Basic Income. … Universal Basic Income is a regular unconditional tax-free payment made to every citizen regardless of their situation. … The advantages of Universal Basic Income and its variants have been argued at length across the spectrum, from left-wing blogs to right-wing talk shows. … The UBI would create a much more flexible and entrepreneurial labour market and drive up employment standards. If people didn't like a job, they could drop out of it, safe in the knowledge they would be able to support themselves. If they wanted to start a business or improve their skills by training, they could do this relatively easily. Britain's economy would become more competitive whilst simultaneously raising working standards. (All the evidence from pilot schemes shows unemployment would not significantly increase, as people generally like being active and the UBI would be about the same as existing out-of-work benefits anyway.) Meanwhile, the present system of workers receiving only miserably small increases in income when they enter work (due to out-of-work benefits being removed) would quickly be consigned to the past. Benefit fraud would be practically abolished. Wealth would be shared more equally. Welfare bureaucracy, a daily hell for hundreds of thousands of Britons, would be enormously reduced. People would be able to fall back on UBI to raise children, do community work, or pursue a creative project. And perhaps most important of all, the UBI would end extreme poverty amongst British citizens so long as it was set above the poverty line for individuals. Of course, a big question is cost. According to analysis from the Citizen's Income Trust, a group of activists and economists who support a UBI, introducing UBI in Britain would cost approximately £276 billion annually, only £4 billion more than the £272 billion cost of the welfare system in 2012-13. The process suggested by the Trust would require integration of the tax and benefit system and would without doubt be the biggest change to the welfare system since the introduction of state pensions. But the present system doesn't work. It needs a radical solution. In Universal Basic Income, we have one.' (blog post by Robin McGhee, a prospective parliamentary candidate for Kensington.) www.libdemvoice.org/opinion-universal-basic-income-is-the-way-forward-for-the-liberal-democrats-43836.html

Compass has published a report by Michael Orton, *Something's not right: Insecurity and an anxious nation*: 'A central theme of this report is that insecurity is not inevitable. Neither separately nor combined do globalisation, economic restructuring, financialisation, women's participation in the labour market, technological advancement, migration or a multitude of other forms of change mean insecurity is unavoidable. The same changes are experienced the world over but their effects are not homogenous because governments can, and do, follow different paths. The good news therefore is that the UK government and politicians have choices they can make which will either intensify or redress insecurity; and if they choose to redress insecurity they have available to them key policy levers needed to do so. The important ingredient here is not the ability of politicians to act, but their willingness to do so, and in turn the ideas available to them and pressure for them to act. It is also important to keep in mind that insecurity is not a recession issue which will disappear with economic recovery. Redressing insecurity requires political action. To redress insecurity, however, requires not policy tinkering but setting a new direction. It was noted above that there is a growing sense that the basic social contract at the heart of capitalism is breaking down. That basic social contract can be recreated fit for 21st century Britain by setting a new policy direction which creates a socio-economic frame that provides people with true freedom to choose how to lead their lives and in which each individual is able to choose what constitutes for them a flourishing life free of the anxiety, fear, deprivation and unequal life chances endemic in an insecure nation' (p.48). www.compassonline.org.uk/publications/somethings-not-right-insecurity-and-an-anxious-nation/

Joseph Rowntree Foundation researchers have found that '39 per cent of people in households with children (8.1 million individuals) live on an inadequate income; the number of individuals living in couple families with between one and four children who do not have an adequate standard of living has risen from 24 per cent in 2008/9 to 34 per cent in 2012/13, and almost six million people are now in this category; and lone parent households and families with only one breadwinner are particularly likely to fall below the [Minimum Income Standard] benchmark. More than 70 per cent of lone parent households live on inadequate incomes, up from 65 per cent in 2008/9. Working families with only one earner that have an inadequate income have risen from 38 per cent to 51 per cent in the same period.' www.jrf.org.uk/publications/households-below-minimum-income-standard-2015

The **Institute for Fiscal Studies** has published its usual *Green Budget*: 'The social security system not only gives support to vulnerable groups but also affects incentives around how much paid work to do, where to live and with whom, and even the number of children to have. Giving exemptions from cuts for groups deemed more vulnerable can weaken work incentives and strengthen incentives for people to have children or claim disability benefits. When considering possible changes to the social security system in the coming years, policymakers should bear these trade-offs in mind, have a clear vision for what they want the social security system to achieve, and ensure that the overall system of support is coherent' (p.197). www.ifs.org.uk/publications/7530

The **International Labour Office** has published a report, *Social protection for older persons: Key policy trends and statistics*: 'Today, more than 20 developing countries have achieved or nearly achieved universal pension coverage, including Argentina, Belarus, Bolivia, Botswana, Cook Islands, Georgia, Guyana, Kazakhstan, Kiribati, Kyrgyz Republic, Kosovo, Lesotho, Maldives, Mauritius, Namibia, Mongolia, Panama, Seychelles, South Africa, St. Vincent and the Grenadines, Swaziland, Timor-Leste, Ukraine and Uzbekistan. Countries like Brazil and China have universal rural pensions. A few countries in Africa are currently piloting universal old-age social pensions, like Kenya, Uganda and Zambia. There are many paths towards universal pension coverage. Most developing countries combine contributory systems with a minimum social pension to older persons without a contributory pension (e.g. Lesotho, Thailand), other countries provide a social pension to all (e.g. Botswana, Timor-Leste). Some countries choose gradual and progressive realization (e.g. Brazil, South Africa) and others opt for fast-tracking immediate universal coverage (e.g. Bolivia, China, Kiribati). There are different paths and heterogeneity in the design and implementation of universal schemes and governments have a wide set of options to achieve universal social protection coverage.' (p.16) www.social-protection.org/gimi/gess/RessourcePDF.action?ressource.ressourceId=47017

Conference reports

A future without poverty

A conference jointly organized by the Fabian Society and Bright Blue

On Monday 2nd March well over a hundred people gathered to hear Andrew Harrop, General Secretary of the Left-leaning think tank Fabian Society, and Ryan Shorthouse, Director of the Right-leaning think tank Bright Blue, open a conference designed to look for solutions to poverty. A presentation of quotes from children in poverty by a young people's theatre group, Seasons Playhouse, set the scene; and a panel then debated the situation that we are in – and Barry Knight, Principal Advisor to the Webb Memorial Trust, told us that he was tired of receiving numerous reports on the extent of poverty and almost none on possible solutions.

After a 'dragon's den' had evaluated some local poverty-reducing projects, breakout sessions tackled social exclusion, parenting and early years, the role of business, the skills gap, and the future of welfare reform. The last of these was particularly interesting. During their presentations, all three of the speakers - Sam Bowman, deputy director of the Adam Smith Institute; Alison Garnham, chief executive of the Child Poverty Action Group; and Andrew Harrop, general secretary of the Fabian Society – advocated a Citizen's

Income as an appropriate benefits system reform in today's circumstances. This unanimity was unbidden and uncoordinated, and suggests that the think tank and poverty campaign world is now looking seriously at the options for long term reform of the benefits system, and at a Citizen's Income in particular.

Alan Milburn, Chair of the Social Mobility and Child Poverty Commission, then gave the keynote address, and a final panel answered a series of questions more or less related to the stated aim of finding solutions to poverty.

We might look back and see this conference as a significant moment in history.

London Futurists' event

The Case For Universal Basic Income, 14th February 2015

What will be the impact of technological change on society? We are often told that people whose jobs are automated will simply retrain and find work in new occupations, the same way farmers became factory workers following industrialisation. However, will this continue to be true now that the pace of change is much higher than it was in the age of the Industrial Revolution? In an attempt to explore the relationship between technology and the economy and society, the London Futurists invited Barb Jacobson and David Jenkins of Basic Income UK to Birkbeck College on the 14th February to talk about Basic Income.

David explained why Basic Income should be unconditional: to give people the means to live and to flourish, to provide people with the freedom to do what they want to do, to acknowledge the value of unpaid work (which accounts for 25% of GNP), to rein in the state's bureaucratic reach, to distribute the means of consumption, to strengthen the labour movement so that people can demand a shorter working week, and to disrupt unjust social practices. In order to perform the above functions Basic Income will need to be high. In parallel, other provisions are needed as well: for example, an increase in housing supply.

Barb pointed out that the most important work (- the work that keeps society going) attracts the least money in the labour market. Basic Income would address this. It is not a new idea: Thomas Paine was already advocating it in 1795. Virginia Woolf, who would undoubtedly have been a member of the London Futurists were she alive today, expected Basic Income to be introduced by 2029.

Our current levels of government surveillance and bureaucracy were illustrated by photos of a recent 6 a.m. police raid on a house inhabited by a suspected 'benefits cheat'. Do we really want a government that spends its resources on spying on its citizens in order to find out if a separated couple has really separated and is not claiming £50 per week too much?

Potential ways to fund Basic Income that were discussed included patents, copyright, dividends, a Tobin tax, and the closure of tax loopholes.

In the question and answer session there was discussion on the implications for industry, and for money as a motivator (- when people get paid for doing something are they more or less motivated to do it?). Someone worried that no one would do the 'nasty work' like sewer cleaning. It was suggested that people would demand better pay for doing this work and therefore it would become more efficient to automate it. There was also discussion on inflation and whether Basic Income would drive consumption of unsustainable resources. Will people buy more goods, or will they buy better quality goods? Research from India suggests the latter. A futurist suggested that we should view Basic Income as an investment because it will pay for itself by reducing the crime rate. It was also pointed out that we already have a Basic Income for the wealthy in the form of quantitative easing.

Someone suggested that first the right to create money should be transferred from corporations to governments; and the suggestion was also made that if politicians never agree to introduce Basic Income then people might introduce it themselves anyway, perhaps through cryptocurrencies.

Futurists are of the opinion that within the next thirty years robots will become smarter than humans. Let's hope that before we reach that point humans will be smart enough to introduce Basic Income.

Marlies Kunnen

Reviews

Donald Hirsch, 'Could a Citizen's Income work?'

A paper commissioned by the Joseph Rowntree Foundation as part of its Minimum Income Standard programme, and published in March 2015. www.jrf.org.uk/publications/could-citizens-income-work

The *Citizen's Income Newsletter* usually mentions relevant think tank research and working papers in the 'news' section, or occasionally in the context of an editorial, but Donald Hirsch's paper is particularly significant and so demands a full review. Its importance is twofold: it evaluates a number of Citizen's Income schemes for viability; and it identifies the changes that might be required in the ways in which the public and policymakers think about income maintenance if a Citizen's Income were to be a possibility. The paper therefore tackles a number of different feasibilities: financial feasibility, psychological feasibility, and what we might call institutional or policy process feasibility.

The paper recognises that a Citizen's Income would address some very real problems experienced by the UK's current largely means-tested benefits system. For instance: a Citizen's Income would not be withdrawn as earnings rose, and so would not impose the employment disincentives that means-tested benefits currently impose; no stigma would be attached to a Citizen's Income; and a Citizen's Income would be simple in structure and so would not suffer from the complexities of much of the current system. The full list of arguments on page 4 of the paper is a model summary of the case for a Citizen's Income.

The major contribution of the paper is the way in which it outlines the three 'seismic shifts' that would need to occur in public attitudes if a Citizen's Income were to be implemented. The public and policymakers would need to be convinced

1. 'that everyone should be given some baseline level of financial support from the state, even if they choose not to do anything to try to earn money for themselves;' (p.5)
2. 'that the basic marginal tax rate should be substantially higher than it now is, since otherwise almost everybody's net income from the state would rise, and there is no obvious way to finance this.' (p.5)
3. 'potentially a *reduced* role of the state in ensuring that each citizen can afford particular essentials, notably housing and childcare, through income transfers, if a citizen's income replaced means-tested payments for these.' (p.3)

Hirsch says of the first two of these seismic shifts:

> Politicians are likely to perceive both of these as unacceptable to voters, a view supported by evidence on social attitudes. It can be argued that both of these conditions could become more acceptable under a regime with a citizen's income than they are now. Persuading the public and politicians of these arguments, however, would not be easy. (p.5)

And he says of the third:

> Under a system of largely market-based rents, it would not be easy to include a simple rent element in a citizen's income payment without creating shortfalls for some or large surpluses for others. (p.5)

Particularly in relation to the first two seismic shifts, Hirsch's conclusion is that 'a debate about the principle of a citizen's income may thus contribute to a long-term reconsideration of policies and attitudes towards state support' (p.3).

The paper contains a useful study of the differences between Universal Credit, Negative Income Tax, and Citizen's Income; a discussion of the ways in which Income Tax would have to rise to pay for different levels of Citizen's Income; an exploration of the different ways in which Citizen's Income schemes might tackle differing housing costs; and a discussion of the way in which abolishing tax allowances, such as the Personal Allowance, rather than simply raising Income Tax rates, could pay for a Citizen's Income. It also contains a description of the differences between the levels envisaged in various researched schemes and the Minimum Income Standards researched by the Joseph Rowntree Foundation (- although it has to be said, of course, that the current benefits system does not come anywhere near to the levels of the Minimum Income Standards). Then follow descriptions of the kinds of households to which a Citizen's Income would tend to redistribute income, and the important statement that 'all the [paper's] calculations make the simplified assumption of no behavioural change. Knowing what would actually happen to earned incomes as a result of a citizen's income is very difficult, but is likely to affect outcomes quite profoundly' (p.16). Then come discussions of household and individual assessment units, the effects of different approaches to meeting housing costs, and lifecycle redistribution. A particularly important section is a discussion of a Partial Citizen's Income as a stepping stone towards a full one. A partial Citizen's Income would be likely to impose losses on low income families if means-tested benefits were abolished, and to impose additional complexity if they were not. Hirsch suggests that a Partial Citizen's Income might be useful if it could be implemented as one stage of an already agreed plan to implement a full Citizen's Income. There is much merit in this suggestion.

Hirsch describes the Alaska Permanent Fund, and the Namibian and Iranian schemes, but not the more recent Indian pilot project. He correctly points out that these schemes have not reduced employment market activity, and might also have said that in the Namibian pilot project a significant increase was in evidence.

Hirsch makes the important point that income is different from such services as healthcare and education because households generate income as well as require it. This means that it is important to ensure that a Citizen's Income scheme does not inadvertently reduce the amount of income created, and that both removal of the Personal Tax Allowance and higher Income Tax rates might have such effects on earned incomes. In his concluding section, Hirsch suggests that a Universal Credit with a lower taper rate might be a useful step in the direction of a Citizen's Income. He might also have pointed out that Universal Credit is not universal, is not based on the individual, is not unconditional, is still means-tested, and is regressive.

When it comes to the study of particular Citizen's Income schemes in the paper's appendices, the paper makes two valid points: that the immediate implementation of a 'full' Citizen's Income is unlikely to be feasible in the short term; and that, because a 'partial' Citizen's Income would not fully replace means-tested benefits, it could make the system even more complicated.

Following a description of the Citizen's Income Trust's 2013 illustrative scheme, Hirsch proposes changes and lists their additional costs, which is useful, but is not itself a criticism of the scheme as published. He then studies the Institute for Social and Economic Research working paper proposals (reprinted in the previous edition of this *Newsletter*), and correctly recognises that in order to reduce losses in disposable income, a means-tested system needs to be retained and that this would create an additional level of complexity.

Hirsch's descriptions of these recently researched Citizen's Income schemes are largely accurate. There are places in the discussion at which a broader canvas would have been helpful. For instance, the discussion of the higher rates of Income Tax that would be required might have included consideration of overall gains and losses – for if a household's Income Tax rate rises, but the overall effect of the Citizen's Income, increased Income Tax, and alterations in other benefits, leaves the household with the same disposable income, then for households originally on in-work or out-of-work means-tested benefits, it really is no problem that Income Tax rates have risen – except that, as Hirsch correctly points out, Income Tax rates are a psychological issue as well as a fiscal one: and it is in the area of the psychological issues related to Citizen's Income that his paper makes a most useful contribution. An additional important issue is that where households are not currently on means-tested benefits, and Income Tax rates rise, then even if there is no overall loss in disposable income at the point of implementation of a Citizen's Income, those households' marginal deduction rates will rise. This might result in behavioural change in the employment market.

A further issue to which Hirsch correctly draws attention is that of redistribution. For schemes in which means-tested benefits are abolished, redistribution effects could be substantial. Hirsch evaluates a particular scheme of this nature, and concludes that

> the overall distributional effects would include, but not be restricted to, a redistribution of income from better to worse off groups. There would also be a significant redistribution from people without children to those with children among lower earners, and also some losses for those with very low part-time earnings. Finally, … among groups presently receiving transfers from the state, couples would do relatively better than single adults (with and without children). (p.15)

So either such redistributional effects would need to be justified, or a different kind of scheme would need to be selected. Hirsch does not study in detail the redistributional effects of Citizen's Income schemes that retain means-tested benefits, where those means-tested benefits are recalculated by taking into account households' Citizen's Incomes as existing income. This would require the kind of microsimulation work contained in the Institute for Social and Economic Research working paper (Torry, 2015). The low levels of gains and losses generated by such modelling of the alternative schemes in that working paper suggest that redistributional effects would be far less significant than for schemes that abolish means-tested benefits. Clearly further research is needed in this area.

In relation to those same alternative schemes, and to his discussion of housing costs on p.13, Hirsch might have mentioned that the schemes researched in the 2015 Institute for Social and Economic Research working paper are clear that housing costs support would be left as it is under the current system. A further issue that Hirsch might have discussed is that the ISER paper employed the Euromod modelling software and Family Resource Survey data to generate entirely robust costings and results on gains and losses. As he recognises on p.26, his own paper does not calculate precise tax rates and income outcomes. It would have been able to do so if his suggestions had been modelled using Euromod.

This review cannot do proper justice to the detail contained in Hirsch's well-researched and well-ordered paper, but we hope that it will encourage our readers to read his paper for themselves, to study his arguments, and to ponder his conclusions. Any future study of the feasibility of a Citizen's Income, and of particular Citizen's Income schemes, could do a lot worse than set out from the arguments of this paper.

Hirsch has already done the Citizen's Income debate a significant service, and we hope to see further such analysis and argument in the future. What would be particularly useful would be to have a side-by-side evaluation of the current benefits system and of a Citizen's Income scheme (both with and without accompanying means-tested benefits), treating the two systems as competitors on a level playing field, and evaluating them according to a set of clear criteria. As Hirsch says,

> the present system suffers from strong negative perceptions and a consequent lack of political support, which has helped the implementation of recent cuts in the real value of benefit levels without obvious political fallout. If a citizen's income or any other reform could command public confidence, this would help strengthen the underpinning of a system which ensures that nobody in the UK lacks a basic level of income. (pp.4-5)

Sarath Davala, Renana Jhabvala, Soumya Kapoor Mehta and Guy Standing, *Basic Income: A transformative policy for India*, Bloomsbury, 2015, xii + 234 pp, 1 4725 8310 9, hbk, xvi + 331 pp, £65, 1 4725 8311 6, pbk, xvi + 331 pp, £19.99

How can poverty be ended in the world's developing nations? A simple question: and it might have a simple answer. A recent pilot project in India shows that a Citizen's Income – an unconditional income for every individual – can make a substantial dent in poverty and create the conditions for its elimination.

This book is the report of eighteen-month experiments in which thousands of men, women and children in urban, rural and tribal communities in India were given a monthly unconditional income in place of India's flawed subsidised food and guaranteed employment schemes. Pilot communities in which cash transfers would replace the subsidy system, and control communities in which they would not, were randomly selected, and the different outcomes in relation to a number of factors were carefully evaluated during the project and at the end.

The first chapter describes how the Self-Employed Women's Association (SEWA) and UNICEF (the United Nations Children's Fund) worked with Guy Standing and his colleagues to decide that the pilot project would be of a genuine Citizen's Income – a universal, unconditional and nonwithdrawable cash transfer – for every individual in the pilot communities. Arguments against such cash transfers are answered. The second chapter describes the project, and the vast amount of work that went into establishing the necessary infrastructure, and particularly into ensuring that everyone in the pilot communities had bank accounts into which their Citizen's Incomes could be paid.

The rest of the book describes the effects of the Citizen's Income in terms of improved housing, electricity and water supplies, sanitation, nutrition, health, healthcare, school attendance and performance (especially for girls of secondary school age), and economic activity: by the end of the project, 'many more households in the basic income villages had increased their earned incomes than was the case in the control villages, and many fewer had experienced a fall in earned income than in the control villages' (p.139). In the pilot villages, child and teenage labour shifted from wage labour to own account work on family farms and to increased school attendance, bonded labour decreased as debts were paid off, and the purchase of such assets as sewing machines facilitated increased own account economic activity. Women's status was enhanced by their new financial independence and by SEWA's involvement, and the elderly and the disabled experienced improved status and living conditions. The final chapter shows that India could afford to pay a small universal Citizen's Income by reallocating the money currently spent on food subsidy schemes.

SEWA, UNICEF and the researchers are to be congratulated on the establishment, and the significant success, of this pilot project. They have proved that it is possible to implement a Citizen's Income in a developing country and that the benefits of doing so are substantial. The results are encouragingly similar to those generated by a Namibian pilot project in which Guy Standing was also involved. A significant cumulative case has now been built. Now all that is required is the political will to establish a Citizen's Income scheme. If that happens then it might be a developing country, rather than a developed one, that implements the first universal Citizen's Income and reaps the social and economic benefits.

John Hills, *Good Times, Bad Times: The welfare myth of them and us*, Policy Press, 2014, 1 44732 003 6, pbk, xviii + 323 pp, £12.99

The title says it all: the normal experience for most families and individuals is that there will be good times and bad times; and it is simply not true that society is made up of two relatively stable groups: one group of people that pays for the welfare state, and the other that benefits from it. The political polemic of 'strivers' and 'skivers' is precisely that: political polemic. At different points in our lives we might be net contributors or net recipients in relation to the welfare state, but there is nobody who does not at some stage benefit from its provisions. Another myth that the book challenges is that vast sums are spent on supporting people who are ill, disabled, or out of work, whereas in fact the budgets for the relevant benefits are small compared with the budgets for the pensions and healthcare from which all of us benefit.

The author employs a number of literary devices to get his message across. He writes about the different 'wavelengths' along which changes occur: for instance, the long wavelength within which we accumulate and then run down assets as we progress through middle age and into old age; and the short wavelength of coping with the loss of income precipitated by unemployment or illness. And throughout the book he follows the fortunes of two fictitious but recognisable families: the middle class Osbornes, and the working class Ackroyds.

If you don't have time to read the whole book, then read the diagrams and text about these two families at the beginning of each chapter. The picture that they reveal is that both families benefit from the welfare state, and that taking the tax and benefits systems as a single system, the Osbornes do rather well out of it. But if you do have time to read the whole book then you will find that the mass of survey data discussed in the body of each chapter reveals a highly complex picture, an important characteristic of which is that what is normal for the Ackroyds is rapid and frequent change in their economic position. One week a government minister might describe them as 'skivers', and the next they would be praised as 'strivers'. Another important characteristic that hits the reader time after time is the effect of initial social and economic capital on economic and social capital outcomes. The social mobility ladder seems to have some rungs missing.

Along the way, we discover how unequal predistribution is in the UK compared with most other countries, and how much harder our welfare state therefore has to work to generate a little more equality; we notice how much everyone benefits from the welfare state, particularly in childhood and old age; we discover how difficult it is for Working Tax Credits – and in the future how difficult it will be for Universal Credit – to respond to the rapid changes in income level experienced by an increasing number of households; we understand how current austerity measures reduce the incomes of low income households but largely protect the incomes of higher earners; and we find that wealth inequality is exacerbated by a tax system that rewards the already wealthy and a benefits system that takes household wealth into account when benefits are calculated.

John Hills is the Director of the Centre for Analysis of Social Exclusion at the London School of Economics, and this book is full of thorough analysis of social exclusion. A few questions are asked at the end about the ways in which future policy might take into account the book's findings, but Hills leaves it to others to work out what should be done to rectify the situation that he discovers.

Of particular interest to readers of this *Newsletter* will be the numerous ways in which a benefits system based on a Citizen's Income would respond to the problems explored in the book. In particular, a Citizen's Income would cohere far better with rapidly gyrating earnings than means-tested benefits will ever manage to do. But perhaps the most important lesson that the book holds for anyone promoting debate on social policy reform is that however thoroughly robust evidence and logical argument manage to demolish myths perpetrated by the press and by politicians, those myths persist. So perhaps however good the evidence that a Citizen's Income would be feasible, the myth will persist that it isn't. If John Hills' book manages to reduce the potency of the myth of them and us, then some of us might begin to hope that the myth of a Citizen's Income's infeasibility might one day lose some of its strength.

Mary O'Hara, *Austerity Bites: A journey to the sharp end of cuts in the UK*, Policy Press, 2014, xiv + 320 pp, 1 4473 1560 5, hbk, £19.99

During 2012 and 2013 Mary O'Hara travelled the UK to find out what effects the Coalition Government's public sector cuts were having by interviewing some of the people affected by them: both those suffering directly from the austerity measures and those working with them to try to mitigate the measures' effects.

The introduction describes in broad terms the ways in which wages have fallen, poverty and debt have increased, new sanctions have been imposed on jobseekers, and public services have been cut – and all this in the cause of an austerity that further damages the economy.

O'Hara's visits and interviews reveal the depth of the crisis: increasing food poverty (and hence the rise in the number of food banks); mounting pressure on household budgets as costs rise but incomes – both in and out of work – stagnate; the disruptive effects of the bedroom tax; and the rise of personal debt and of high-street high-interest lenders. They also reveal the increasing stigma imposed on people who cannot find employment, and on people with disabilities and long-term health problems; declining wages and job security; cuts in local authority services on which some of our most vulnerable citizens depend; and rising rents and homelessness.

This is in many ways a familiar story, but what gives this particular telling of it an added authenticity are the excerpts from the interviews. Here we find the voices not of statisticians, journalists, or politicians, but of those suffering the effects of cuts in services. In the concluding chapter, we hear the voices of those voluntary sector workers who are coping with increasing demand, disappearing grants, and staff redundancies. The concluding chapter ends with a description of the way in which the Government and the tabloid press have succeeded in persuading us that the previous Labour Government and the poor are responsible for the country's financial problems, and therefore for austerity; and with a description of small-scale resistance to that austerity – as if local pressure groups can defeat the Government- and media-driven prejudice to which we have been submitted for the past four years. They can't.

Perhaps for our readership the most significant finding from O'Hara's visits and interviews is that 'the social security system that had protected much of the population from the worst vagaries of inequality was being ripped from its foundations'. She goes on:

> I saw at first hand how destabilised and fearful it was leaving people. What I observed during my travels was a society in deep existential as well as economic and political flux. It seemed to me that austerity was generating social and economic schisms faster than they could be tracked, never mind adequately countered. There was a sense of an expanding segregation of the rich and poor, the entrenchment of a 'them and us' view of the world that produced not only a lack of social contract but also a political gap so wide as to seem unbridgeable. (p.15)

As a society we need to take to heart what is being said here, and determine to build a new social security system that will protect everyone from 'the worst vagaries of inequality' and will heal our 'social and economic schisms'.

Andrew Jackson and Ben Dyson, *Modernising Money: Why our monetary system is broken, and how it can be fixed*, Positive Money, 2012, 0 9574448 0 5, pbk, 334 pp, £14.99

A bank loan is a change in the electronic digits attached to my bank account number. The bank has simply created the money that it has lent to me. The message of this book is a very simple one: This shouldn't be allowed. The only institution that should be able to create money is an independent public body.

Modernising Money recounts the history that gave rise to the current state of affairs; shows that 97% of money exists in the form of bank deposits; and discusses the factors that determine how much banks lend, and therefore the size of the money supply. Much of the money created by the banks buys assets that are in limited supply, such as houses, and it therefore creates price bubbles. Too little of it is employed as investment in the productive economy. If the loans are not repaid, then lending stops and a recession is the result. Interest on public and private debt transfers money from the poor to the rich and so increases inequality; and the payment of interest requires climate-changing economic growth: but attempting to reduce the level of debt reduces the money supply and can lead to recession.

Clear and persuasive diagnosis is followed by a clear and persuasive prescription. Banks should be prevented from creating money, and an independent body should be charged with creating money and spending it into the economy as government spending, tax reductions, debt repayment, payments to banks on condition that the money is lent to productive businesses, and direct payments to citizens. Chapters then discuss the transition between the current system and the new economy that would be created by the new method for creating money, and the impacts of the new system on democracy, the environment, household indebtedness, the banks, and businesses are debated. As the concluding chapter puts it, 'the monetary system, being man-made and little more than a collection of rules and computer systems, is easy to fix, once the political will is there and opposition from vested interests is overcome' (p.283).

In some ways the situation relating to money creation mirrors the one facing our tax and benefits systems. Both have evolved over time, both exhibit complexities, both are tangled up with a wide variety of other aspects of our society and our economy: and genuine reform of both is resisted because the transitions look difficult and the effects of change are difficult to predict. It is precisely these aspects of the two situations that make it so difficult to generate the necessary political will to create the necessary change. Both fields would benefit from Royal Commissions or similar wide ranging consultation exercises. In both cases, the international effects of making the recommended changes would be important matters for discussion, as would be the details of the transitions that would need to be managed between the current situation and the future situations envisaged by the authors of this book and by the Citizen's Income Trust.

The book has no index, which is a pity: but otherwise it is a well-produced, informative and well-argued essay that deserves attention.

Peter Barnes, *With Liberty and Dividends for All: How to save our middle class when jobs don’t pay enough*, Berret-Koehler Publishers, 2014, 1 62656 214 1, pbk, xii + 174 pp, £13.99

There are not enough well-paid jobs to sustain a large middle class, and Peter Barnes offers as a solution to this problem the idea that co-owned wealth could pay dividends to everyone. The Alaska Permanent Fund is the model, and the inspiration is Thomas Paine’s *Agrarian Justice*, in which Paine proposes an equal distribution of the income generated by the property which belongs to all of us. This is the ‘co-owned property’ that is at the heart of Barnes’ proposal; and he extends the meaning of the economist’s term ‘rent’ to include payments made to all of us in recognition of the uses that are made of our co-owned wealth.

Drivers of the changed outlook for the United States’ middle class – and the middle classes of all developed nations – are globalization, automation, and deunionization. The effect of all three of these is to reduce the proportion of the proceeds of production going to labour, and to increase the proportion going to the owners of capital (- the main point made by Thomas Piketty in his book *Capital*). Economic stimulus, education, and job creation, might ameliorate the situation slightly in the short term, but automation, globalization and deunionization will defeat them in the end, as will the fact that the economic system quickly magnifies small differences in wealth into sizeable inequalities. As Barnes suggests, the system needs to be fixed, not the symptoms. One particular change that is required is that means-tested benefits need to be replaced by universal ones, but the most important change is that the rent that owners extract from assets that belong to all of us (‘extracted rent’) should be distributed to everyone (‘recycled rent’) as a Citizen’s Income

Barnes suggests several types of co-owned wealth that could be made to generate the income to pay for a Citizen’s Income: the money infrastructure, the electromagnetic spectrum, sovereign wealth funds generated by extraction royalties (as in Alaska and Norway), and the atmosphere (- rather than ‘cap and trade’, Barnes recommends ‘cap and dividend’, in which anyone who pollutes the atmosphere has to pay, and in which what they pay is redistributed as Citizen’s Incomes).

This is a very American book, and the context in view is always the USA. For Barnes, it is the middle class that needs to be cared for, and, by implication, not the rest. The situation looks very different in the UK. Here we have a generally more egalitarian society (- compare the universal NHS with the United States’ differentiated health systems), and the ways in which a Citizen’s Income would benefit everyone will be higher up the UK’s agenda than would be the protection of the middle class. But having said that, this is an engaging introduction to a Citizen’s Income and to how we might pay for it. Something similar for the UK and for other European countries would be welcome.

Christopher Balfour, *Learning from Difference: 150 years of family endeavour. From Afghanistan and the Americas to the Meon Valley and loss of an airport*, Tricorn Books, 2014, 1 1909660 27 4, hbk, 267 pp (along with some diversely numbered pages of photographs), £20. Available from pgwells@btconnect.com and Amazon

You need to be strong to read this book, because it weighs in at 1.5 kg; and you need to have time to spare, because it is long – perhaps rather too long in places. But it is worth the effort, because by the end of it you will have a deeper knowledge of Britain’s industrial history and of its politics, and you will feel that you know both Christopher Balfour and his fascinating collection of ancestors.

Family history is a boom industry, but there are few people who have constructed such a detailed family tree back to the seventeenth century. (Distant relatives are Basil Jellicoe, of Camden Housing Association fame, and Ludwig Wittgenstein, the philosopher.) And there are few people who have gathered so much detail about the lives of parents and grandparents - sometimes too much detail. But having said that, the reader will finish the book knowing a family of independent-minded entrepreneurs – mainly in the aircraft and shipping industries – and feeling deeply the financial and other risks that they took, and their successes and the failures.

The first part of the book is about Christopher’s forebears, but readers of this *Newsletter*, and particularly those who know Christopher, will value most the second part. Here we hear about Christopher’s time at Eton, his National Service in Libya (he thinks that he should have delayed it to join Rootes the car manufacturer), his rather desultory Cambridge career (he arrived not having decided what to study), a journey by road to Afghanistan (clearly much enjoyed, but it’s where his health problems began), a few years of doing this and that, failing to win Gloucester for the Conservatives at the 1966

General Election, and then being ejected as Gloucester's Conservative candidate because of his rather independent views. He worked for the Youth Employment, later Careers, Service, in Warwickshire and a London borough; became an independent local councillor in the Forest of Dean (- independence clearly suited him); employed family capital to become a Name at Lloyd's (which involved unlimited liability); and at various periods bought, refurbished and sold valuable ancient cars. To those of us who know the quiet-spoken Eton-voiced Christopher, the risk-taking and the general air of chaos of the life recorded come as an interesting surprise.

As a Councillor, Christopher was involved in establishing training projects for people without employment, and battled to raise the earnings disregard relating to Supplementary Benefit (an out-of-work means-tested benefit). As a member of the Conservative Party he was firmly in the 'One Nation' camp with people like David Howell and Brandon Rhys Williams, and in the book he argues not only for the Citizen's Income that they wanted to see implemented, but also for the raising of additional money to pay for it, perhaps by establishing a financial transaction tax.

This is a most honest book in which we meet Christopher, the real person, with his enthusiasms, successes, failures, and humanity. A conclusion that perhaps Christopher might have drawn is that his life mirrors that of our economy during his lifetime: the difficulties of manufacturing industry; the rise and fall of the public sector; and the risks of the financial industry. And there is also a sense in which his life mirrors that of our society: war, the post-industrial world, and the journey from open debate to machine politics. It is easy to see how Christopher's advocacy for a Citizen's Income stems from his multi-faceted experience. That life and our economy and society having run so closely parallel, we now await both our economy and our society advocating a Citizen's Income: and, we hope, implementing it.

Viewpoint

An Unconditional Citizen's Income

by Ursula Huws

In these straitened times, the idea of a basic income, granted unconditionally to every citizen, from cradle to grave, feels utopian. How on earth could it be paid for, we wonder. Wouldn't everyone just stop working? Where would we be then?

I first came across it, in the optimistic late 1960s, in a form that materialized in the so-called 'fifth demand' of the Women's Liberation movement (formulated in 1971) that called for 'financial and legal independence' for all women. This had an enormous appeal: not only is it degrading for anyone to have to beg or manipulate someone else for their means of subsistence, and materially damaging to that person if the money is not forthcoming; it also destroys the character of human relationships if they are embedded in relations of dependency. Unequal power relations like those between a husband and a dependent wife, parents and dependent teenagers, able-bodied providers and their disabled dependents can lead to a festering mess of guilt, gratitude and unexpressed anger. The results can range from dishonesty and depression to emotional and physical abuse. In a money-based society, an independent source of income is a pre-condition for human dignity.

Before going any further, I should declare my personal position on this question. I have written intermittently about the idea of a basic minimum income since the 1990s, and would class myself as broadly in favour of the principle, though with some important reservations. In the 1990s I wrote a report on the subject for the Citizen's Income Trust (CIT), but then backed away from it for a while, for reasons that I will spell out later (under 'risks'). Since then I have come back to the idea and am now (albeit not as active as I should be, and with some reservations I will come on to) a trustee of CIT. But I am writing here in a personal capacity and my opinions do not necessarily reflect the CIT's position.

Keeping Body and Soul Together

What I have written below is based on the assumption that a benefit would be paid unconditionally to all citizens, regardless of age, replacing most existing welfare benefits but also the personal tax allowance (at present, the first £10,000 of income for each person is disregarded for income tax, providing a 'benefit' of £2,000 per person in tax not paid). Whilst each person would receive the benefit, therefore, they would also pay tax on all income. The level of the benefit, the rate of tax, and the degree to which that tax is graduated would of course be political decisions and I am not going to make detailed proposals here. But my assumption is that the level of benefit would be enough to keep body and soul together and take care of basic needs but not more.

The Advantages

- It would save the state a huge amount of money, currently spent on processing claims and policing benefit claimants and would eliminate the need for many of the present complex array of benefits (sickness benefit, pensions, maternity benefits etc.).

- Because children would be eligible for it, as well as adults, it would be broadly redistributive toward households with children and thus help to alleviate the shockingly high levels of child poverty in this country.
- Because there is no household unit of assessment it might well encourage people to live more collectively, sharing resources with friends and extended families, which would also have environmental benefits and take some pressure off the housing market.
- It would enhance inter-generational solidarity.
- It would make it possible for people to change their working hours flexibly and combine more than one job much more easily than at present.
- Life would become much smoother and simpler for freelancers.
- It would make it much easier to manage illnesses and disabilities and juggle caring responsibilities with work.
- It would also make it much easier to move in and out of education.
- The judgement about what is, or is not 'work' would no longer be made by a bureaucratic authority but by the individual. If you want to live on very little and devote your life to art, music, prayer, blogging, archaeology, chasing an elusive scientific concept, conserving rare plants or charitable work, that would be your choice. This is not just good for those individuals but spiritually enriching for society as a whole.
- The labour market would become a little less one-sided. Employers might have to offer a bit more pay to entice people into unattractive jobs. Though, on the other hand, they might find people queuing up to fill the ones that offer high levels of personal satisfaction and reward.

The Risks

- Giving everybody money plays along with the grain of an increasingly market-based economy. The risk is that individual purchases made in the market will drive out collectively-provided services. Recommodification might obliterate decommodification.
- Globalization raises serious questions about what constitutes citizenship. It is perhaps no accident, at least in Europe, that the countries with the most generous welfare states also tend to have the most tightly-controlled borders (think of Denmark). Combining a basic citizen's income policy with non-racist immigration policies presents some serious challenges.

Conclusion

Although, in my opinion, it would bring huge benefits, an unconditional citizen's income is not a magic solution to all political, social and economic problems. I believe that it could be one ingredient in the development of a kind of welfare state that is deserving of the name. However it is only one ingredient among several. In particular, it would have to be combined with:

- an increased minimum wage;
- increased investment in universally available public services that are free to the user, including health, childcare, education and social care;
- a recognition that the housing market is so distorted that continuing extra help will be required to house the poorest people in many parts of the country;
- a reformed tax system.

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