Three new books: Palgrave Macmillan has published *The Feasibility of Citizen’s Income*, by Malcolm Torry

*This is what the publisher says about the book:* This book is the first full-length treatment of the desirability and feasibility of implementing a citizen’s income (also known as a basic income). It tests for two different kinds of financial feasibility as well as for psychological, behavioral, administrative, and political viability, and then assesses how a citizen’s income might find its way through the policy process from proposal to implementation. Drawing on a wide variety of sources of evidence from around the world, this new book from the director of the Citizen’s Income Trust, UK, provides an essential foundation for policy and implementation debates. Governments, think tanks, economists, and public servants will find this thorough encompassing book indispensable to their consideration of the economic and social advantages and practicalities of a basic income.

The book can be ordered from www.palgrave.com, and abstracts of the chapters are available on the Citizen’s Income Trust’s website.

If you can’t afford the book then you might wish to ask your library to obtain it for you. (Some libraries might already be able to give you access to the ebook.)

**Biteback Publishing has published Guy Standing's new book: The Corruption of Capitalism: Why rentiers thrive and work does not pay**

*The publisher says this about the book:* ... This book reveals how global capitalism is rigged in favour of rentiers to the detriment of all of us, especially the precariat. A plutocracy and elite enriches itself, not through production of goods and services, but through ownership of assets, ... Meanwhile, wages stagnate as labour markets are transformed by outsourcing, automation and the on-demand economy, generating more rental income while expanding the precariat. ...
To read more about the book: www.bitebackpublishing.com/books/the-corruption-of-capitalism

On the 29th September, Darton, Longman and Todd will publish Citizen's Basic Income: A Christian social policy, by Malcolm Torry.

An event to launch the book will be held on Monday 10th October at 6 p.m. at Trinity House, 4 Chapel Court, Borough High Street, London SE1 1HW.

At this event Citizen’s Basic Income: A Christian social policy will be launched alongside another new book by Malcolm Torry: Mediating Institutions: Creating relationships between religion and an urban world (Palgrave Macmillan). The Rt. Rev’d Michael Ipgrave, Bishop of Lichfield, will be speaking; and David Moloney, Editorial Director of Darton, Longman and Todd, will speak about Citizen’s Basic Income: A Christian social policy. Copies of the book will be available at the introductory price of £5, and the author will speak and answer questions.

RSVP to info@citizensincome.org if you would like to attend the launch event.

Editorial

Referenda

There was an uncanny similarity between two referenda held in June: the UK’s referendum on whether to remain in the European Union, and the Swiss referendum on a Citizen’s Income. In each case, the ballot paper asked a simple question: whether to remain or leave, and whether to establish a Citizen’s or Basic Income – an unconditional income for every Swiss citizen. In the latter case, the wording was explicit that the Swiss federal government was to decide on the level of the Basic Income and on the means of funding it.

And then in both cases the campaigns leading up to the referenda were less about the referenda questions than about very different issues.

In the Swiss case this was largely the fault of the proposers of the referendum question. The wording having carefully left the decision as to the level of the Citizen’s Income to the Swiss government, the campaigners then suggested a level of 2,500 Swiss francs per month – about £400 per week. It was largely this that led to so many members of the Swiss parliament asking people to vote against the proposal; it was the proposed figure that dominated the campaign; and it was the fear of the massive tax increase that would have been needed to fund such a large Citizen’s Income that led to so many people voting against the proposal. All of this could have been avoided quite easily. If the campaigners had wanted to inform the debate about potential levels of Citizen’s Income and possible funding methods then they could have undertaken the kind of careful costing work that we and others have undertaken in the UK. If that had happened, then the government could have made clear the level of Citizen’s Income that they would be likely to agree on if the referendum were to pass, and the debate and the decision might have been rather more rational.

Having said that, the referendum was in many ways a success. The referendum was held; it contributed significantly to media and public interest in Citizen’s Income, both in Switzerland and around the world; and 23% of the Swiss population approved of the idea. The referendum will be seen as an important stage in the Swiss and global Citizen’s Income debates.

In the British case there was always going to be a problem. Public understanding of the European Union is almost non-existent, so the only information that most people had available to them were the half-truths that campaigners on both sides and the press chose to feed to them. Members of the public were told that we could avoid EU workers having the right to live and work in the UK and trade within the single market, even though the European Commission had made it clear that remaining within the single market was conditional upon allowing EU workers to live and work in the UK. Throughout the campaign, leaving the EU was touted as a way of preventing immigration, whereas most immigration is from outside the EU and was therefore nothing to do with the question on the ballot paper.

There are two lessons to draw from these two referenda. One is that referenda are a bad idea in the context of an ill-informed public and a biased media. The question on the ballot paper might be a simple one, but if it is about a complex reality then even generally well-informed members of the public might have little understanding of the possible consequences of a referendum result – whatever that result might be. In relation to complex issues about which members of the public understand little, representative democracy is the least bad system of government, and it is safer than referenda. It enables proposals informed by a civil service to be debated in a parliament and in committee, to be amended, to be tested in another parliament, and then amended again. Such a method has to be preferable to a one-shot referendum ill-informed by emotive campaigns. This
is not to suggest that referenda are never appropriate. If the public is well informed about the issue on the ballot paper, if campaigns are based on evidence, if experts are heard, and if the print and other media see it as their role to educate rather than to persuade, then a referendum has some chance of assessing an informed population’s view on the question on the ballot paper. The 2014 referendum on Scottish independence came closer to this ideal referendum than either the Swiss Basic Income referendum or the recent British referendum on EU membership; and the Swiss Basic Income referendum came closer to it than the British referendum on EU membership. It would take a massive educational effort to enable the UK’s population to gain a sufficient understanding of the desirability and feasibility of a Citizen’s Income to enable it to compare a benefits system based on a Citizen’s Income with the current system. Whether such an educational effort is possible, or such an outcome feasible, must be in doubt: in which case the safer method will be for the institutions of representative democracy – Parliament and the Government – to evaluate the arguments for a Citizen’s Income and to decide in accordance with their findings.

The second lesson to draw is that careful research is essential if any future debate about Citizen’s Income is to be sufficiently well informed. It has been a pleasure to see recent well researched reports from the Royal Society of Arts, the Adam Smith Institute, and Compass, and up to date costings and other statistics relating to a particular illustrative Citizen’s Income scheme have recently been published by the Institute of Social and Economic Research at the University of Essex. We hope soon to be able to publish costings and other information relating to a couple more illustrative schemes, and we also hope to have available soon some information on how a range of typical households’ net incomes would be affected by some illustrative schemes. We would like to see even more research organisations involved in the rigorous testing of the financial feasibilities and consequences of illustrative schemes.

There is a connection between the Swiss and British referenda: EUROMOD, the microsimulation programme that we use to evaluate illustrative Citizen’s Income schemes. The programme’s development is funded by the European Union. We are very much hoping that the UK will continue to be involved in the European collaboration that makes such a useful piece of research infrastructure possible.

Another connection is the one between Citizen’s Income and important factors in the British European Union referendum. Widening inequality and deep social divisions appear to have been important motivations for voting to leave the EU, even though leaving the EU is unlikely to remedy the situation and might even make it worse. A Citizen’s Income would help to reduce inequality and to heal social division. It is therefore essential that widespread informed debate on Citizen’s Income should take place, and that the institutions of representative democracy should decide to implement a Citizen’s Income: perhaps informed by an advisory referendum.

Main articles

The way we work is changing, but the welfare state hasn’t kept pace with the times

By Ursula Huws

*This article was first published on the ‘Conversation’ website at: https://theconversation.com/the-way-we-work-is-changing-but-the-welfare-state-hasnt-kept-pace-with-the-times-60589. We are grateful for permission to reprint the article here.*

Mechanisation. Robots. The digital economy. The gig economy. The sharing economy. The world of work is changing but our creaky welfare system is still based on a 20th-century model of work, designed when soldiers were returning from fighting World War II.

Then, memories of the great depression of the 1920s were still fresh – and all political parties agreed that, after four hard years of pulling together in the national interest, a return to the Hungry Thirties wasn’t an option. Returning heroes deserved proper jobs – and proper jobs were conceived as permanent and full-time, with regular hours that paid enough to allow the worker (presumed to be a man) to support a stay-at-home wife who would look after the family.

The National Insurance system was designed to provide assistance in the case of temporary calamities – an accident, an illness, or an employer going bust. A welfare claimant was seen simply as somebody who had fallen (temporarily) on hard times – benefits were a right.

As the years have passed it has become clear that the ideal template of the proper job, worker and family that underpins this model didn’t always fit the reality. Some jobs were low-paid and casual, some women refused to stay at home or couldn’t afford to, families broke up or never formed in the first place. Economic restructuring that began in the 1970s led to the
disappearance of whole industries, creating ghost towns where once there had been mines, mills or shipyards. Suddenly life on the dole looked worryingly long-term.

Fast forward 70 years and we find a labour market that would be completely unrecognisable to a time traveller from the 1940s. When and how men and women work has been transformed. Even those who still have regular 40-hours-a-week contracts may be expected to carry their work around with them, checking emails on their phone and taking calls wherever they happen to be. Others may be on zero-hours or temporary contracts, employed through agencies or online platforms, summoned unpredictably to work at a moment’s notice via an app on a smartphone, or doing interminable unpaid internships before they can hope to receive a salary.

Moving with the times

For workers hovering precariously on the edge of survival trying to patch together a livelihood from multiple jobs, never sure when the next piece of work or income will show up, a benefits system in which the only categories are “employed” or “seeking work” is of little help. At the same time, daytime television programmes such as Saints and Scroungers, Benefits Britain: Life on the Dole, and Benefits Street drive home the message that there is no middle ground: you are either a hardworking taxpayer, or a lazy scrounger. In times of austerity, when governments aim to save money wherever they can, this is a convenient message. But the reality is not so simple.

Many workers are not taxpayers – they actually receive money from the state to top up wages that are too low to live on. The proportion of spending on benefits for unemployed people is relatively tiny – for every pound paid out in Jobseekers Allowance in 2013, five were paid out in working-age tax credits to top up workers’ earnings. Tax credits are not really so much a subsidy to workers as to their stingy employers who get away with paying below-subistence wages in the knowledge that the taxpayer will stump up the rest.

The current benefit system seems to have reinvented the 19th-century categories of “deserving” and “undeserving” poor, using the carcass of the 20th-century welfare state as an administrative framework. But neither 19th-century values nor 20th-century structures are fit for purpose in the fluid, just-in-time conditions of 21st-century labour markets and an unpredictable, digital, globalised economy.

We should go back to the drawing board and develop a system that provides basic security and dignity for all while still allowing for work to be organised flexibly. One possible solution is to give everybody a basic income – a guaranteed minimum income for everyone, available as a right. This would raise the standard of living and reduce poverty among the most vulnerable, but would also allow workers to move flexibly in and out of paid work, education and care work without being subjected to the expensive, demeaning and dysfunctional inquisitorial procedures of the current benefits system that sees only the largely exclusionary categories of “work” and “claiming benefits”.

Such a system would certainly be technically feasible as studies have suggested, and do away with much inefficient, stigmatising and expensive bureaucracy. But it is not a panacea. To be truly equitable it would require safeguards in relation to public services, minimum wages and immigrants' rights, which would not be easy.

Ursula Huws is Professor of Labour and Globalisation, University of Hertfordshire

Beveridge’s rival: Juliet Rhys-Williams and the campaign for tax-benefit integration, 1942-1955

By Peter Sloman

Readers of the Citizen’s Income Trust newsletter are likely to be familiar with Lady Juliet Rhys-Williams (1898-1964), a pioneering campaigner for basic income in mid-twentieth-century Britain whose son Sir Brandon was a founder member of the Basic Income Research Group in 1984. Over the last two years, I have used Rhys-Williams’ private papers (now held at the LSE) and other sources to piece together a history of her campaign, as part of a larger project on the debates over guaranteed income in post-war Britain. I have told the story in detail in a recent article for Contemporary British History; this is a summary of some of the most interesting findings.

Juliet Rhys-Williams was born in 1898 as Juliette Glyn, younger daughter of the romantic novelist Elinor Glyn. From age 19 she worked as a private secretary in Whitehall, and at 22 she married Sir Rhys Williams, a South Wales lawyer, coalmowner, and Coalition Liberal MP, with whom she had four children. During the 1930s Rhys-Williams became a leading figure in the maternity and child welfare movement, and also served alongside her husband on the Bishop of Llandaff’s Committee, which studied
ways of alleviating the impact of the depression in South Wales (Nicholl 2004). Rhys-Williams’ political instincts were conservative and imperialist, but her experience of unemployment and malnutrition in the Rhondda pushed her towards a universalist view of welfare, and when she fought the safe Labour seat of Pontypridd as a Liberal National candidate in a February 1938 by-election she emphasized her support for family allowances, cheap milk, and better old age pensions. Later in 1938 she defected to the opposition Liberal Party in protest at the Munich Agreement, and it was here that she worked out her plan for a basic income during the Second World War. Rhys-Williams was particularly attracted to a basic income as a way of removing the stigma of the means test and making it easier for unemployed men to take part-time work.

The idea of a basic income received wide currency among British socialists and radicals between the two world wars, as Walter van Trier (1995) has shown, and Rhys-Williams may well have come across writings by figures such as Mabel and Dennis Milner, James Meade, and G.D.H. Cole. However, Rhys-Williams departed from her predecessors’ approach in two important respects. Firstly, she conceptualized basic income solely as a form of social security provision, paid for out of general taxation, not as a ‘social dividend’ financed by the profits of nationalised industries or a form of macroeconomic stimulus. Secondly, Rhys-Williams canvassed support for the policy not on the radical left but among the Conservative and Liberal establishment. Her scheme for a 20 shilling a week basic income, paid for by a flat-rate 45% income tax, received favourable coverage in The Economist, The Times, and The Observer and was taken up by a Liberal committee chaired by Sir Walter Layton. Rhys-Williams persuaded the Chancellor of the Exchequer, Sir Kingsley Wood, to commission an analysis from Treasury officials, and Eleanor Rathbone of the Family Endowment Society urged ministers to give it sympathetic consideration.

After the Second World War, the idea attracted renewed attention from economists such as Meade, Roy Harrod, and Alan Peacock, who saw a basic income as an alternative to the Attlee government’s collectivist tendencies (such as the continuation of wartime food subsidies) and a means of simplifying the tax system. The Liberal Party formally adopted a partial basic income as party policy in 1950, and the Conservative Research Department took a close look before concluding that it would be expensive and politically counter-productive. Finally, the Royal Commission on the Taxation of Profits and Income (1951-55) took evidence on ‘whether it would be advantageous to link income tax with social security payments and contributions’ – though it ultimately chose to reaffirm the traditional separation between the tax and benefit systems.

The debate over Rhys-Williams’ proposal anticipated many of the themes of later discussions of basic income. For instance, Rhys-Williams and other enthusiasts for basic income emphasized its simplicity and universality, especially in comparison with Beveridge’s social insurance scheme, and highlighted its particular advantages for housewives and carers, the unemployed, and workers in low-wage sectors such as agriculture. Rhys-Williams also tried to get round the free-rider problem by suggesting that the cash allowance could be made conditional on labour market participation – foreshadowing Tony Atkinson’s (1996) concept of a ‘participation income’. Conversely, critics of the idea focussed on the cost of paying subsistence-level allowances to every citizen: for instance, the Treasury official Herbert Brittain argued that it was highly fantastic that when the total gross payments required, according to Beveridge, to relieve want, sickness, etc. amount to about £700 millions, we should go to the length of paying out £2,280 millions and of having to collect £2,000 millions more in income tax than at present.

Concerns about work incentives also featured prominently, and played into the deep-seated suspicion of the ‘undeserving poor’. As the economist Ralph Hawtrey put it in his evidence to the Royal Commission:

A disadvantage of the cash allowance is that it would be paid to many adults of varying degrees of moral ineligibility: the professional criminals while out of gaol, the tramps, wastrels and spongers, the feckless members of respectable families, who delay settling down to an occupation, have no just claim on public funds.

The Inland Revenue’s reaction to the idea of replacing tax allowances with cash payments was perhaps equally predictable. The Revenue’s chairman, Sir Cornelius Gregg, dismissed Rhys-Williams’ book Something to Look Forward To (1943) as ‘special pleading of a soppy sentimental character with no real principle behind it’ and insisted that it would be wrong ‘to entangle the Income Tax machine in the payment of Social Service benefits’. Crucially, this view was echoed by both the TUC and
business leaders in their evidence to the Royal Commission.

Rhys-Williams’ failure to secure the adoption of a basic income can perhaps be attributed to three main factors: context, tactics, and strategy. Firstly, her campaign was hampered by the popularity of the 1942 Beveridge report on Social Insurance and Allied Services and the power of the assumptions on which it was based. As is now well known, Beveridge’s determination to conquer the ‘five giants’ of want, idleness, ignorance, disease, and squalor was counterbalanced by a more traditional concern to contain the cost of welfare and preserve the liberal ethos of independence and responsibility. His preference for contributory insurance and his determination to restrict payments to cases of entitlement or destitution were shared not only by Whitehall officials but also by trade union leaders, who believed the contributory principle was important because it established a ‘right’ to benefit. Support for progressive income tax as a means of achieving ‘equity’ between citizens was almost as widespread. As a result, both Labour and Conservative politicians decided to pursue their social and political objectives within the Beveridge model.

Secondly, Rhys-Williams’ energy and flexibility as a campaigner was ultimately a weakness as well as a strength. She revised her scheme so frequently that its social purpose was blurred, and showed a damaging tendency to treat expressions of interest as firm endorsements of her ideas. The sweeping claims which she made for basic income also invited suspicion: as Hugh Gaitskell (1952) pointed out, the notion that almost everyone would benefit seemed ‘ naïve’ and incredible. In an era of professionalization, Rhys-Williams made it too easy for policy-makers to dismiss her as a crank, pushing pet ideas onto the policy agenda through her social and political connections.

Thirdly, these tactical mistakes were compounded by the strategic problem of Rhys-Williams’ political conservatism. The most obvious strategy for achieving a basic income in post-war Britain would have been to forge an alliance with left-wing welfare experts such as Richard Titmuss and Barbara Wootton who were sympathetic to universalist ideas, but Rhys-Williams’ hostility to socialism made this impossible. Her own approach implied a very different distributional coalition, uniting Conservatives, Liberals, women voters, and the low paid against the unionized male breadwinner. This was always an unlikely prospect, and once the Conservative leadership and the Royal Commission had turned the policy down, Rhys-Williams’ strategy disintegrated.

In a longer perspective, however, a more positive assessment is possible. Through her influence on figures such as James Meade and Alan Peacock, Rhys-Williams helped establish a current of interest in tax-benefit integration which has become central to British social policy debate in the post-war period. The tax credit scheme proposed by the Heath government in the early 1970s (which I have also recently examined**) drew heavily on her thinking, and her son Sir Brandon provided a direct link with the Citizen’s Income Trust and the modern campaign for a basic income. Rhys-Williams was in every sense a woman of her time, and her sometimes reactionary politics make her difficult to admire. She might nevertheless be regarded as the grandmother of the British basic income movement.

References


**Peter Sloman, “The pragmatist’s solution to poverty”: The Heath government’s Tax Credit Scheme and the politics of social poverty in the 1970s’, Twentieth Century British History online early view (2016), available online at http://tcbh.oxfordjournals.org/content/early/2016/02/02/tcbh.hwv042.abstract

Peter Sloman is a lecturer in British Politics in the Politics and International Studies Department at the University of Cambridge
Research note

Some typical household effects of a Citizen’s Income scheme

By Gareth Morgan

The research results that the Citizen’s Income generally publishes are of the aggregated variety - that is, they answer such questions as: How many households in lowest earnings decile would experience losses of over 5% of net income if a particular Citizen’s Income scheme were to be implemented? and On average, how much would the net incomes of the lowest disposable income decile increase and the net incomes of the highest disposable income decile decrease if a particular Citizen’s Income scheme were to be implemented?

Using the software developed by Ferret Information Systems, we are able to provide a lot more detail as to what would happen to particular individual households if a specified Citizen’s Income scheme were to be implemented.

Table 1: Net income for a couple with one earner (earning £10,000 p.a.), two children, and rent of £120 p.w., both for the current tax credit system and for Universal Credit

<table>
<thead>
<tr>
<th></th>
<th>Current System</th>
<th>Universal Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016/2017</td>
<td>2016/2017</td>
<td></td>
</tr>
<tr>
<td>Weekly</td>
<td>Weekly</td>
<td></td>
</tr>
<tr>
<td>Gross Earnings / Net Profit</td>
<td>192.31</td>
<td>192.31</td>
</tr>
<tr>
<td>Net Earnings - after Income Tax and N.I.</td>
<td>187.83</td>
<td>187.83</td>
</tr>
<tr>
<td>Benefits &amp; Credits Income</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Working Tax Credit</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Child Tax Credit</td>
<td>117.40</td>
<td>0.00</td>
</tr>
<tr>
<td>Housing Benefit</td>
<td>89.72</td>
<td>0.00</td>
</tr>
<tr>
<td>Council Tax Reduction</td>
<td>14.72</td>
<td>5.13</td>
</tr>
<tr>
<td>Income Based JSA</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Pension Credit</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Child Benefit</td>
<td>34.40</td>
<td>34.40</td>
</tr>
<tr>
<td>Other Income</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Universal Credit</td>
<td>0.00</td>
<td>258.61</td>
</tr>
<tr>
<td>Weekly Income</td>
<td>£444.08</td>
<td>£485.97</td>
</tr>
</tbody>
</table>

For the purposes of this particular exercise we assume an illustrative Citizen’s Income scheme described as scheme B in the working paper Two feasible ways to implement a revenue neutral Citizen’s Income scheme, 1 and a couple with one member employed and earning £10,000 per annum, with two children, and rent of £120 per week.

Table 1 shows the net income for this family (after Income Tax, National Insurance Contributions, Child Benefit, and means-tested benefits – tax credits, Housing Benefit, and Council Tax Reduction). A second column shows the net income for the same family if it is receiving Universal Credit rather than tax credits.

Table 2 (see the next page) shows the net income that would be experienced by the same family if its members were receiving Citizen’s Incomes and its means-tested benefits were being reduced by their Citizen’s Incomes in the same way as they are reduced by earnings.

We can see that this family in receipt of tax credits would gain slightly if the Citizen’s Income scheme were to be implemented, and that it were in receipt of Universal Credit then the implementation of scheme B would make almost no difference to net income.

In both cases the difference that the family would experience would be a reduction in mean-tested benefits, offering the possibility of a more rapid escape from means-tested benefits if the family’s earned income were to rise.

We look forward to publishing similar tables relating to additional family types and an updated Citizen’s Income scheme.

Gareth Morgan is Managing Director and founder of Ferret Information Systems, and is a trustee of the Citizen’s Income Trust. Opinions expressed in this article do not necessarily reflect the views of either the Citizen’s Income Trust or of Ferret Information Systems.

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Table 2: Net income for a couple with one earner (earning £10,000 p.a.), two children, and rent of £120 p.w., in receipt of Citizen’s Incomes and with their tax credits or Universal Credit reduced in relation to their Citizen’s Incomes

<table>
<thead>
<tr>
<th></th>
<th>Current System 2016/2017</th>
<th>Universal Credit 2016/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Earnings / Net Profit</strong></td>
<td>Weekly £192.31</td>
<td>Weekly £192.31</td>
</tr>
<tr>
<td><strong>Net Earnings - after Income Tax and N.I.</strong></td>
<td>£143.60</td>
<td>£143.60</td>
</tr>
<tr>
<td><strong>Citizen’s Income Scheme B</strong></td>
<td>£140.00</td>
<td>£140.00</td>
</tr>
<tr>
<td><strong>Benefits &amp; Credits Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Working Tax Credit</em></td>
<td>£0.00</td>
<td></td>
</tr>
<tr>
<td><em>Child Tax Credit</em></td>
<td>£108.14</td>
<td></td>
</tr>
<tr>
<td><em>Housing Benefit</em></td>
<td>£26.99</td>
<td></td>
</tr>
<tr>
<td><em>Council Tax Reduction</em></td>
<td>£0.00</td>
<td>£0.00</td>
</tr>
<tr>
<td><em>Income Based JSA</em></td>
<td>£0.00</td>
<td></td>
</tr>
<tr>
<td><em>Pension Credit</em></td>
<td>£0.00</td>
<td></td>
</tr>
<tr>
<td><em>Child Benefit</em></td>
<td>£34.40</td>
<td>£34.40</td>
</tr>
<tr>
<td><em>Other Income</em></td>
<td>£0.00</td>
<td>£0.00</td>
</tr>
<tr>
<td><strong>Universal Credit</strong></td>
<td></td>
<td>£167.56</td>
</tr>
<tr>
<td><strong>Weekly Income</strong></td>
<td>£453.13</td>
<td>£485.56</td>
</tr>
</tbody>
</table>

The Citizen’s Income Trust: A brief report on progress

During the past year the Citizen's Income Trust has

- launched a new website
- implemented a new communication policy, including an active twitter account and monthly updates
- held an event at Conway Hall (listen to the podcast)
- started work on a conference to be organised by a number of organisations working together
- responded to an increasing number of requests for information and for assistance with research
- published three issues of the *Citizens' Income Newsletter*

- published new research in the Newsletter and elsewhere

Thank you to everyone who has helped us with all of this, and particularly to those whose financial contributions made possible the new website.

**Our strategy**

The Citizen's Income Trust's trustees have agreed a strategy for the next couple of years:

**To educate about and raise awareness of a number of key challenges facing society today and over the next few decades** which mean that our tax and benefits system is no longer fit for purpose. (These challenges include the dysfunctions of the tax and benefits system, changing work patterns, an ageing population, and the risks of technological unemployment.)

**To promote debate about the potential for Citizen’s Income to address these challenges.** We will use a range of channels to reach these key audiences, including online, social media, the press, public events, and face-to-face meetings.

**To undertake further research into the feasibility and desirability of the Citizen’s Income policy,** in particular by developing additional workable and costed proposals and undertaking or monitoring feasibility studies. The Trust has two programmes of work:

1. **Education:** raising awareness and promoting debate, and
2. **Research:** building our expertise and knowledge about the feasibility and impacts of a Citizen’s Income

Current plans include:

- Continuing to identify key audiences and appropriate educational activity for them.
- Events to enable us to engage with a variety of audiences.
- New research (for instance, on Citizen’s Income and housing, the feasibility of a UK pilot project, additional illustrative Citizen’s Income schemes … ) and dissemination of the results in publications and on the website.
- A new introductory booklet and poster

**Resources:** As plans develop, we shall be looking for funding for publications and events. We continue to operate entirely on the basis of voluntary labour, and will be looking for additional volunteers with the skills that we need.
News


On the 8th June Caroline Lucas MP tabled a new Early Day Motion in the House of Commons: ‘That this House notes the growing crisis of low pay and precarity in a labour market increasingly characterised by casualised forms of employment, such as zero-hours contracts that offer little in the way of pay, predictable hours or long-term security; further notes the evident inability of our bureaucratic and costly social security system, with its dependence on means-testing and often arbitrary sanctions, to provide an adequate income floor; believes that a Universal Basic Income, an unconditional, non-withdrawable income paid to everyone has the potential to offer genuine social security to all while boosting entrepreneurialism and the creation of small businesses; welcomes the ongoing exploration of the concept of such a Basic Income by the think tank Compass, the Royal Society of the Arts, the Citizen’s Income Trust and others; further welcomes the planned practical experiments in Finland, the Netherlands and Canada; and calls on the Government to fund and commission further research into the possibilities offered by the various Basic Income models, their feasibility, their potential to guarantee additional help for those who need it most and how the complex economic and social challenges of introducing a Basic Income might be met.’ http://www.parliament.uk/edm/2016-17/164

On Wednesday 14th September a Westminster Hall debate took place about a Universal Basic Income. The debate was fair and well-informed, with one or two exceptions: One Member of Parliament suggested that the Citizen’s Income Trust had said that an Income Tax basic rate of 48% would be required; and another that the Citizen’s Income Trust had said that a Citizen’s Income scheme would generate losses for low income families. Both of these statements relate to scheme C researched in Two feasible ways to implement a revenue neutral Citizen’s Income scheme (www.iser.essex.ac.uk/research/publications/working-papers/1404040900_finance_and_benefit). The paper recognises that scheme C is infeasible, and also that a similar scheme, scheme A, would be infeasible as well, because that too would generate considerable losses. However, another scheme researched in that working paper, scheme B, would require only a small increase in Income Tax rates, would generate few losses, and would generate almost no losses among low income households. Research on scheme B has now been updated in An Evaluation of a Strictly Revenue Neutral Citizen’s Income Scheme (www.iser.essex.ac.uk/research/publications/working-papers/1504040900_finance_and_benefit), which shows that an increase in Income Tax rates of only 3% would be required for a Citizen’s Income of £60 per week, that such a scheme would generate almost no losses among low income households, and that the scheme would have a negative net cost. To watch the debate: www.parliamentlive.tv/Event/Index/f23d41d4-755e-4ee7-936c-63b699eb3805; to see the written record, see https://hansard.parliament.uk/commons/2016-09-14/debates/16091439000003/UniversalBasicIncome

The OECD has published research on wage levels and income tax burdens in OECD countries. The data takes account of the withdrawal of in-work benefits, and the publication includes tables on the relationship between change in net income and change in gross income. Results for the UK are as follows:

Research reported in the *Journal of Social Policy* shows that ‘attempts to expand labour force participation, without fundamental reforms to address the shortage of jobs and labour market inequalities, are irrational and iniquitous and therefore incompatible with the principles of liberal democracy …’ (Tania Raffass, ‘Work Enforcement in Liberal Democracies’, *Journal of Social Policy*, vol. 45, no. 3, 2016, pp. 417-34, p. 431).

On the 6th June the think tank *Compass* launched its report, *Universal Basic Income: An idea whose time has come?* ‘The introduction of a UBI would involve a major transformation in the nature of social protection, in the extent of redistribution, the character of the tax system and the pattern of work incentives. Certainly such a scheme would need to support before it could be implemented, and overcome opposition in some quarters. But all ideas for radical change, from the introduction of the NHS and the social security system itself to the minimum wage, have had to confront initial scepticism. With the existing income support system increasingly ill-equipped to deal with the complexity of the modern labour market, and the impact of the technological revolution coming so fast down the track, the idea of a UBI has already been gathering growing support in the UK. It is now time for a campaign to promote a much wider debate among the public and decision makers.’ (p.23) http://www.compassonline.org.uk/publications/universal-basic-income-an-idea-whose-time-has-come/

A series of articles in the July 2016 edition of *Social Policy and Society* (vol. 15, no. 3) study Conditional Cash Transfers: ‘Taking a human approach to policy-making emphasises that the concern about the implications of policy interactions should go past the simple delivery of a service to include a concern for the perspectives, experiences and wellbeing of the recipient families. In the words of one participant of this research: ‘… it is not enough to send staff or to give money away, they need to look at the kind of treatment (provided) and the extortions that lie behind it’ (p. 461); ‘Social investment familialist welfare regimes, if they are in favour of women’s practical interests, do not broaden women’s labour-market participation or educational options and therefore do not improve women’s strategic interest’ (p. 490); ‘irrespective of the purposes of these social programmes, the design reflects certain values and normative beliefs related to the notion of market citizenship, which also seem to intersect with certain ideas about motherhood and the poor …’ (p. 495);

‘Conditionality is fundamental in these CCTs. … Conditions are conflictive features, particularly in the case of women living in poverty, who are less able than other groups to assert themselves politically, and therefore they must comply with whatever they are asked to do in order to get a little assistance’ (p. 505).

*The Guardian* marked the launch with an article: ‘Labour is considering backing the idea of a universal basic income – a radical transformation of the welfare state that would ditch means-tested benefits in favour of a flat-rate payment. John McDonnell, the shadow chancellor, who is keen to find policies to match his slogan of a “new economics,” will appear at the launch of a report on the proposal from the leftwing campaign group Compass in the House of Commons on Monday evening. McDonnell said the research “makes an interesting case for a universal and unconditional payment to all, which could prepare our country for any revolution in jobs and technology to come – it is an idea Labour will be closely looking at over the next few years”.’ http://www.theguardian.com/politics/2016/jun/05/john-mcdonnell-labour-universal-basic-income-welfare-benefits-compass-report

- and also with an editorial: ‘The main proposals in this report represent evolution rather than revolution. Instead of a Swiss-style invitation to walk suddenly away from an unloved waitressing or factory job in order to take up, say, community gardening or some other unprofitable passion, the suggestion here is for a weekly payment of only about £50 or £60 for an adult. Alone, this would barely be enough to survive on, let alone live comfortably. But the guarantee that this sliver of income at least would be forthcoming might foster security and experimentation, while also establishing, perhaps, a bigger principle. Existing benefits that deal with housing, childcare and the rest of the messy realities that have to be dealt with are retained, sensibly sacrificing simplicity and intellectual elegance in order to protect the poor. Even this relatively modest scheme, however, involves jacking up the main tax rates by several points and withdrawing the personal allowance, no easy sell for Mr McDonnell or anyone else. Before it can be seriously considered for a manifesto, further cost-saving compromises – such as restrictions for citizens who already receive a state pension – may need to be considered. The trick, then, as so often in progressive politics, will be to dream big, and then proceed with care.’

http://www.theguardian.com/commentisfree/2016/jun/06/the-guardian-view-on-a-universal-income-the-high-price-of-free-money
On the 17th July, BBC Radio 4 broadcast ‘Money for Nothing’, featuring a range of voices speaking about Citizen's Income.

www.bbc.co.uk/programmes/b07jyrtdq

A research project for Oxford City Council has provided evidence of the effects of reducing benefit levels: ‘conventional wisdom suggests that taking money off benefit claimants (e.g. by sanctions or cutting benefit rates) acts as a financial incentive to get a job. Our analysis says that the opposite is in fact true, at least for this project cohort. Higher benefit losses may correlate with higher rent and larger families, and financial hardship; as childcare and debt are established barriers to work, it is perhaps unsurprising that customers with higher benefit losses are less rather than more likely to get into or back into work. (p.51)


Research at the University of Oxford has shown that ‘fears of “welfare tourism” are unfounded since available data suggest that EU migrant citizens are less likely to receive benefits and more likely to be in employment than national citizens … the challenges often associated with intra-EU migration, therefore, appear primarily to be consequences of a combined lack of political will and state capacity to deal with the new complexities of the welfare state in a semi-sovereign world’ (Cecilia Bruzelius, Elaine Chase and Martin Seeleib-Kaiser, ‘Social Rights of EU Migrant Citizens: Britain and Germany Compared’, Social Policy and Society, vol. 15, no. 3, 2016, pp. 403-416, p. 414.

The European Commission has published a new evidence review, Creating More Equal Societies: What works? by Abigail McKnight, Magali Duque and Mark Rucci: ‘A Citizen’s Income is an unconditional, non-withdrawable income for every individual as a right of citizenship in a country … According to some researchers, it would deliver unconditional, non-withdrawable income paid to everyone paid to everyone, has the potential to offer genuine social security to all while boosting the economy and creating jobs. Conference calls upon the union to actively campaign for a Universal Basic Income and eradicate poverty for all.’


The United Nations Committee on Economic, Social and Cultural Rights has published a report on the UK’s recent record: ‘The Committee is deeply concerned about the various changes in the entitlements to, and cuts in, social benefits, introduced by the Welfare Reform Act 2012 and the Welfare Reform and Work Act of 2016, such as the reduction of the household benefit cap, the removal of the spare-room subsidy (bedroom tax), the four year freeze on certain benefits and the reduction in child tax credits. The Committee is particularly concerned about the adverse impact of these changes and cuts on the enjoyment of the rights to social security and to an adequate standard of living by disadvantaged and marginalized individuals and groups, including women, children, persons with disabilities, low-income families and families with any proposed Citizen’s Income scheme should be comprised of three non-negotiables: it should be strictly revenue neutral, it should not propose large increases in Income Tax rates, and it should impose very few losses on low-income households … (pp. 67-8); ‘The within country across time evidence presented does not support the case that greater targeting is more effective at reducing poverty or inequality’ (p.80).

http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7903&type=2&furtherPubs=yes

At its policy conference on the 11th July, Britain’s largest trade union, Unite, voted to support the exploration of Basic Income. The resolution was as follows: ‘Conference notes the growing crisis of low pay, in work poverty and precarity in a labour market increasingly characterised by casualised forms of employment that offer low pay, zero hours contracts and no long-term security. Conference further notes the evident inability of our bureaucratically costly social security system, with its dependence on means-testing and frequent arbitrary sanction, to provide an adequate income floor. Conference believes that a Basic Income, an unconditional, non-withdrawable income paid to everyone paid to everyone, has the potential to offer genuine social security to all while boosting the economy and creating jobs. Conference welcomes the ongoing exploration of the concept of a Basic Income by the think-tank Compass, the innovation charity Nesta, the Royal Society of Arts, and others; further welcomes the planned practical experiments in Finland and Utrecht, Netherlands. Conference calls upon the union to actively campaign for a Universal Basic Income and eradicate poverty for all.’

http://www.bbc.co.uk/programmes/b07jyrtdq
two or more children. The Committee also is concerned about the extent to which the State party has made use of sanctions in relation to social security benefits and the absence of due process and access to justice for those affected by the use of sanctions (art. 9 and 11). The Committee calls upon the State party to: Review the entitlement conditions and reverse the cuts in social security benefits introduced by the Welfare Reform Act 2012 and the Welfare Reform and Work Act 2016; Restore the link between the rates of state benefits and the costs of living and guarantee that all social benefits provide a level of benefits sufficient to ensure an adequate standard of living, including access to health care, adequate housing and food; Review the use of sanctions in relation to social security benefits and ensure that they are used proportionately and are subject to prompt and independent dispute resolution mechanisms; and Provide in its next report, disaggregated data on the impact of the reforms to social security on women, children, persons with disabilities, low-income families and families with two or more children. The Committee draws the attention of the State party to its General Comment No.19 (2007) on the right to social security.’ (pp.7-8) http://tbinternet.ohchr.org/_layouts/treatybodyexternal/Download.aspx?symbolno=E%2fC.12%2fGCase%2fCO%2f6&Lang=en

In an interview with the Huffington Post, Jeremy Corbyn, the Leader of the Labour Party, has agreed with John McDonnell’s suggestion that the party should study Citizen’s Income as an option for the reform of the benefits system: ‘I’m instinctively looking at it along with John. I am looking forward to discussing it with our colleagues from Norway because we have to think radically about how we bring about a more just and more equal society in Britain, how we develop policies that achieve that. Because what we are doing is heading in absolutely the wrong direction with a growing wealth inequality and an opportunity inequality for communities, as well as poorer families. It’s got to change and it will. I can see the headline attraction to it. I don’t want to commit to it until I’ve had a chance to look at it very seriously and very carefully because this would be a major, major change in social policy and it’s something I would invite the whole party and the whole movement to have a serious discussion about.’ http://www.huffingtonpost.co.uk/entry/jeremy-corbyn-interview-on-owen-smith-trident-brexit-house-prices-and-a-universal-basic-income_uk_57a5f45be4b04ca9b5d31b6f7yhnw0wpb2sy55qao

Thirty-five economists have written to The Guardian: ‘As the new chancellor looks to 'reset' economic policy, new ways of conducting monetary policy should be considered. Instead of policies designed to fuel asset price bubbles and increase household debt, the Treasury and the Bank should co-operate to directly stimulate aggregate demand in the real economy. A fiscal stimulus financed by central bank money creation could be used to fund essential investment in infrastructure projects – boosting the incomes of businesses and households, and increasing the public sector’s productive assets in the process. Alternatively, the money could be used to fund either a tax cut or direct cash transfers to households, resulting in an immediate increase of household disposable incomes.’ http://www.theguardian.com/politics/2016/aug/03/a-post-brexit-economic-policy-reset-for-the-uk-is-essential

At its conference on the 11th to the 14th September 2016, the Trade Union Congress passed a composite resolution on In-work benefits and Universal Basic Income. The wording is as follows:

‘Congress recognises the need for a rebuilding of a modern social security system for men and women as part of tackling poverty and inequality. Congress believes that our social security system must work in tandem with our agenda for strong trade unions and employment rights and secure, decently and properly paid work.

Congress believes that, until all employers pay a real living wage, welfare payments will play a necessary role in ensuring that workers are able to make ends meet.

Congress recognises that until the housing crisis is resolved there would also be a need for supplementary benefits to support people on low incomes with high housing costs and that there will always be a need for supplementary benefits for disabled people.

Congress expresses its concerns over the Conservative government’s cuts to the welfare system. These cuts will cause increased levels of deprivation for many working families. The current system has been made increasingly punitive and has effectively been used to stigmatise benefit claimants. The operation of sanctions pushes people into destitution for trivial reasons. The Conservatives have frozen most working-age benefits, including working tax credits, over the next four years; costing the
average family £260 per year. The value of such benefits has already been seriously diminished as a result of one per cent increases between 2011 and 2015.

Congress is also deeply concerned about the introduction of Universal Credit, with estimates that the policy will leave 2.5 million families worse off; some by more than £3,000 per year. While the Conservatives may have originally claimed that the introduction of Universal Credit was to encourage more people into work, it has become increasingly clear that this is a thinly veiled ideological drive to cut the support provided by the welfare state to low-paid workers. Universal Credit requires many claimants to commit to earning the equivalent of 35 hours’ worth of pay at the national living wage every week. If workers face a cut in hours, they will not only lose pay but will also face benefit sanctions.

Congress agrees the TUC will campaign to defend in-work benefits to ensure that workers have access to a proper welfare system that ensures those on low pay are free from poverty.

Congress notes the growing popularity of the idea of a ‘Universal Basic Income’ with a variety of models being discussed here and around the world.

Congress believes that the TUC should acknowledge Universal Basic Income and argue for a progressive system that would be easier to administer, easier for people to navigate, paid individually and that is complementary to comprehensive public services and childcare provision.

The transition from our current system to any new system that incorporates these principles should always leave people with lower incomes better off.’

Mover: Unite
Seconder: Union of Shop, Distributive and Allied Workers


The motion was carried: https://www.tuc.org.uk/about-tuc/congress/congress-2016/key-documents/congress-decisions-2016

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Event report
What if everyone was on benefits?

On Monday 11th July an event at Conway Hall in London tackled the question: What if everyone was on benefits? Malcolm Torry (Citizen’s Income Trust and the LSE) and Kitty Stewart (LSE) presented arguments for and against a Citizen’s Income and responded to questions. The event was chaired by Michael Story. A podcast has now been published: https://soundcloud.com/conwayhall/what-if-everyone-was-on

A report on the launch event for the Compass report Universal Basic Income: An idea whose time has come?

House of Commons, Monday 6th June

Committee Room 11 was packed for the event, which was chaired by Ruth Lister. Howard Reed, who had done the microsimulation work for the report, explained that a scheme that retained means-tested benefits was financially feasible, would have a net cost of £8 bn per annum, and would make a significant different to levels of child poverty and inequality. Stewart Lansley, the reports other author, explained a Universal Basic Income’s appropriateness to a changing employment market, and the now inappropriate nature of the current benefits system – and that the debate is therefore moving on to questions of desirability to questions of feasibility. A scheme that retains means-tested benefits would increase the element of universality in the system, and would be a step towards a larger UBI that could be funded from the profits of a social wealth fund.

Ursula Huws, who had written the preface to the report, gave facts and figures on today’s more diverse employment experience.

Then Jonathan Reynolds MP described today’s benefits system as too complicated and too likely to result in dependency and stigmatisation, Universal Credit as not the right answer, and Universal Basic Income as a simple and secure financial foundation and as conducive to human dignity. It would both reduce poverty and make it is easier to retrain – essential in a more competitive world.

John McDonnell MP, the Shadow Chancellor, described a Universal Basic Income as asking important questions and offering possible answers. It would reduce poverty, incentivise employment in a changing society, enable people to choose to care for
children and other relatives, and be a useful mechanism for sharing out economic growth.

Discussion explored Universal Basic Income’s capacity to provide more choice over the use of time, to make the sanctions regime redundant, to abolish any perceived difference between the deserving and the undeserving poor, to reduce the use of foodbanks, to liberate us, to attract support from across the political spectrum, to make zero hour contracts positive for both employees and employers, and to protect incomes when we need to reduce GDP in order to save the planet. Suggestions were made that young adults should receive the same as other adults; that the first UBIs should be for children; that pilot projects should be organised; that we should aim at a UBI that provided sufficient income to live on; and that an earnings disregard should be applied; that employment rights and a National Minimum Wage would still be necessary; and that Trade Union support is required. Objections were raised: Would the UBI become a maximum income? Couldn’t the money be spent on something more worthwhile? Would people still do the difficult jobs? Would it work if it wasn’t global?

The panel responded. Howard Reed agreed that a separate rate for young adults was not essential, emphasised that a UBI was not a replacement for other universal provision such as the NHS, and explained the likely dynamic effects of a UBI in terms of increased productivity. Stuart Lansley explained that the scheme that retained means-tested benefits could be implemented quite quickly; that £8bn to reduce poverty by 40% was good value for money; and that we would still need a National Minimum Wage. Ursula Huws asked that the UBI debate should not get mixed up with debates about immigration. Jonathan Reynolds suggested that a UBI represented an optimistic view of human nature, and should therefore be attractive to the Left; and that universality was the best way to target. The NHS is popular, so a UBI could be.

John McDonnell suggested that the current benefits system does not address basic needs, that the acceptability of a little understood new universal benefit will be difficult to achieve, that the narrative needs to be right, and that we need to attend to implementation methods. UBI is an idea whose time has come.

Ruth Lister, in her closing remarks, spoke of UBI providing security in a time of increasing insecurity.

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**Highlights of a conference on the future of work in Zurich, June 2016**

By Lucas Delattre

‘Robots and artificial intelligence are going to take over and make redundant more than 50% of our jobs over the next twenty years’. This is how David Bosshart, CEO of the Gottlieb Duttweiler Institute for Economic and Social Studies, opened this conference about the future of work. We are now in a digital economy which allows us to do more and more with less and less. Later in the conference, Eric Brynjolfsson, author of *The second Machine Age*, supported Bosshart’s statement by providing a rich set of figures about the evolution of the industrial automation. The world-wide industrial robot shipment was of 100,000 items in 2000. It was not much more important 10 years later (only 120,000): but since 2010 it has increased dramatically. In 2015, the number was 250,000 and Brynjolfsson expects it to reach 400,000 in 2018. This is why he says that the robot revolution has barely begun.

These technological evolutions seem to have two main impacts: on the nature of work, and on the partition of wealth.

Bosshart outlined the fact that artificial intelligence and humans must be complementary, and that the company of the future will not be a digital entity with no staff. But if this is to be so then we shall need to leverage our strengths in collaborative and cognitive skills in order to be complementary with machines.

Robert Reich, the former US Secretary of Labour, in his presentation, pointed out that a lot of people are now moving to the third sector of the economy (particularly to the personal service sector); and while growth in America is relatively good, the labour participation rate is almost the lowest it has been for 40 years. The median household income (adjusted for inflation) is below what it was in 2000. At the same time, technologies are displacing jobs and are generating huge returns for their owners and their inventors. The results are higher inequality, lower aggregate demand, and a shrinking middle-class. According to Reich, the answer to growing inequality, insufficient aggregate demand and job insecurity is a Universal Basic Income.

Once again, the intervention and the figures of Brynjolfsson were going in the same direction. In the USA and other developed countries productivity output per hour is increasing whereas the median family real income is decreasing. From 1945 to the beginning of the 1980s these two data were at the same level. Now, productivity output per hour is
almost double the median family real income. Productivity gains are therefore benefiting only the wealthiest. Brynjolfsson’s conclusion is that ‘We have to face a new grand challenge. Digital technologies will continue to accelerate; our skills, organisations and institutions are lagging; business won’t solve this problem; so we need to reinvent our organisations and institutions to keep up with accelerating technologies.’ Basic Income fits into this big reinvention of our organisations and institutions.

Debate on basic income during the conference
There was a consensus between almost all of the speakers that a Basic Income was needed. We only noticed dissenting opinions during a debate between Michael Tanner, Daniel Mitchell (both from the CATO Institute), Robert Reich, and Reiner Eichenberger (professor at the University of Fribourg, Switzerland).

Eichenberger’s opposition to Basic Income was in fact opposition to the 2,500 Swiss francs per month suggested by the proponents of the rejected referendum proposal in Switzerland, which he suggested would be impossible to finance and would cause huge disincentives to work. For Daniel Mitchell, Basic Income is an undesirable solution, and he offered a ‘nope-hope-dope’ argument: ‘nope’ to the belief that technology will destroy jobs; ‘hope’ that the local Basic Income experiments taking place at various locations and ‘may teach us useful things that help us reform the very inefficient welfare states operated by central governments’; and ‘dope’ to describe the people who think that we would get good results with a Basic Income scheme operated by central governments, whereas Basic Incomes would reduce incentives to work and would require economically destructive tax rates to finance them.

Tanner objected that a UBI, by replacing all other benefits, could correct the huge disincentives to work that the current welfare states is causing. He mentioned the case of Switzerland where the marginal tax rates can go up to 97% (OECD figures).

Presentation of diverse experiments on Basic Income
A panel composed of Guy Standing, Ville-Veikko Pulkka, Amira Jehia and Michael Faye discussed pilot projects.

Pulkka presented the experiments to take place in Finland in 2017. Ambitions have been revised downwards and the pilot project will only concern 5,000 or 6,000 Finnish people, probably divided into different groups (with full and partial Basic Incomes – and maybe also a Participation Income). Guy Standing discussed the experiment held in India (http://isa-global-dialogue.net/indias-great-experiment-the-transformative-potential-of-basic-income-grants/) He insisted on the importance of a universal Basic Income, received by everyone, because ‘policies that are only for the poor are invariably poor policies’. Amira Jehia introduced the micro experiment that she is currently leading in Berlin, with the group Grundeneinkommen. This group is raising money by crowdfunding, and as soon as it has collected 12,000 euros, it gives a monthly payment of 1,000 euros for one year to a person drawn in a lottery. Finally, Michael Faye presented the activities of Give Directly. This is an American non-profit organisation which gives cash transfers to the very poor, mainly in Kenya. Around 100 million dollars have already been given. First results are positive: money seems to be used sensibly. Haushofer and Shapiro published a report in 2013: https://www.princeton.edu/~joha/publications/Haushofer_Sharpo_Policy_Brief_2013.pdf. Give Directly is going to launch a program for at least ten years in fifty villages in East Africa.

Survey on Basic Income
To conclude: Nico Jasper, a Ph.D. student, presented results of a survey in which he has asked 10,000 Europeans about Basic Income. The survey is called ‘What do European think about basic income?’ and the results can be found here: https://www.neopolis.network/wp-content/uploads/2016-04-27_Basic-Income-Presentation_Press.pdf

Viewpoint
What can we learn from a campaign for zero-loss mining in Goa?
by Rahul Basu and Deepak Narayanan
Goa and the UK might seem to have very little in common, but there are a couple of things that unite Goans and the British: a wealth of natural resources, and the fact that the people see little or nothing of the value of those resources.

This is an especially important issue for Britain, given the sharp decline in receipts from the oil and gas industry. According to research presented in Parliament last year, the industry ‘contributed some 0.8% of GDP in second quarter 2015 down from a high of 2.5% in second quarter 2008’. That is an
alarming drop over a seven-year period, and a timely reminder that we are not mining from a bottomless resource. ‘Production levels of oil and gas from the UK Continental Shelf (UKCS) are in decline. The remaining potential of the UKCS is dependent on the future levels of investment.’

The Alaskan Model

The Alaska Permanent Fund is a good example of one way of doing things. This fund, built up from oil royalties, ensures that future generations will benefit from the value generated by mining natural resources, and that the current generation benefits by receiving an annual dividend.

Set up in the 1970s, the fund was created ‘to conserve a portion of the state’s revenue from mineral resources to benefit all generations of Alaskans’ as well as to generate an annual dividend for Alaskan citizens. The fund is now worth almost US$ 55 billion – larger than any endowment fund, private foundation or pension trust in the US. The annual dividend in 2015 was nearly US$ 2000 per citizen.

The Goenchi Mati campaign

The Goenchi Mati campaign in Goa is based on two principles:

- Minerals are part of the commons: they belong to the people, with the state as trustee.
- Intergenerational equity means that future generations should inherit what we inherited: we are simply custodians over the planet for future generations.

This means that states should a) ensure that they receive the full value of the minerals being extracted, b) set up a Permanent Fund in which all mineral receipts can be deposited, for the benefit of future generations, and c) as this fund belongs to the people, the real income (after inflation) generated by the fund should be distributed equally to every citizen as a commons dividend, a Citizen’s Dividend. This is like a Basic Income, or a Citizen’s Income, except that the funding source is income from the commons, and the amount can vary from year to year.

The Per-Head Tax in mining

It is important that the state should achieve ‘Zero Loss’ in mineral extraction. By this we mean that the government should capture all of the ‘economic rent’: that is, that all proceeds apart from the costs of extraction (which include a reasonable profit for mining companies) should be paid to the government. From this point of view, over an eight year period between 2004 and 2012, the people of Goa lost over Rs. 50,000 crores ($8.5 billion) from minerals, approximately 28% of cumulative GDP for those 8 years. This represents a loss of Rs. 3.5 lakhs ($5,800) per individual over that period, three times the poverty line. Given that minerals are a part of the commons, this loss is effectively a per-head tax, and it represents a regressive redistribution of wealth.

In 2014 a Supreme Court judgment in the Goa Mining Case told the state to set up a permanent fund into which a levy on iron ore mining would be paid on grounds of intergenerational equity. The state proposed a watered down version of the fund that neither ensured that all of the money due would be collected, or provided safeguards for future generations. Subsequent decisions have resulted in losses estimated conservatively at Rs 1,50,000 crores ($25 billion) – or Rs 10 lakhs ($17,400) per individual – from the mineral commons. This is approximately 4 years of Goa’s current GDP.

The Goenchi Mati campaign’s aim is to generate public awareness about mineral mining and how much people are losing out, in an attempt to persuade the next Goan government to collect all of the money due and to make a Citizen’s Dividend a priority. The larger goal is to implement these principles not just in Goa, but across India and the globe.

Lessons for the UK

Massive losses of mineral value are not restricted to India and Goa. According to the Natural Resource Governance Institute, the United Kingdom might have lost up to GBP400 billion from oil and gas mining in the North Sea when compared with Norway. A ‘zero-loss’ mining regime, coupled with a Permanent Fund and a Citizen’s Income, would mean that both current and future generations could be better served. This argument can clearly be extended to other kinds of commons.

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6 Catastrophic Failure of Public Trust in Mining: Case Study of Goa, Rahul Basu, Economic & Political Weekly Sep 19, 2015, Vol L No 38
7 Goa Foundation vs Union of India & ors, (2014) Writ Petition (civil) 435 of 2012
9 Did the UK Miss Out on £400 Billion Worth of Oil Revenue?, David Manley & Keith Myers, Natural Resource Governance Institute, 5 October 2015
Book reviews

Howard Reed and Stewart Lansley, *Universal Basic Income: An idea whose time has come?* Compass, 2016, 35 pp, free to download at www.compassonline.org.uk/publications/universal-basic-income-an-idea-whose-time-has-come/

This new report from Compass is a most welcome addition to the increasingly widespread debate about Citizen’s Income. In the preface, Ursula Huws offers a concise description of changing employment patterns, and calls for a benefits system fit for the future. The report then outlines the case for Citizen’s Income in terms of the secure financial base that it would provide in an uncertain world, in contrast to today’s complex and punitive benefits system. The report then extends the argument of the preface by predicting a highly automated future and proposing Citizen’s Income as a necessary social protection in the midst of such major change. We might legitimately respond that we do not know what the future holds for computerisation, automation, and the employment market, and so cannot make such predictions: but the conclusion of the argument would be the same. In a context of uncertainty, a rigid benefits system posited on the economic and social structures of a bygone era is highly unlikely to be appropriate, and only a far simpler system that does not need to be adapted as the world changes can be guaranteed to be appropriate.

The report follows the character of the current debate in moving quickly into questions of feasibility. It models two schemes that mirror schemes A and B in *Two feasible ways to implement a revenue neutral Citizen’s Income scheme*, 10 and concludes that the first scheme, which would abolish most means-tested benefits, would be difficult to implement, but that a scheme that retained means-tested benefits would contain a genuine Citizen’s Income and would be possible to implement. (The authors call this a ‘modified’ scheme, and then a ‘hybrid’ one. It is not. It is a genuine Citizen’s Income scheme that contains a genuine Citizen’s Income. The abolition of means-tested benefits is not intrinsic to the definition of Citizen’s Income.) The authors find that this second scheme would reduce poverty levels – significantly so for children – and would reduce the level of inequality. There are minor differences between the report’s schemes and the schemes published in *Two feasible ways to implement a revenue neutral Citizen’s Income scheme*, and microsimulation suggests a net cost of £8bn per annum for the report’s second scheme – which, as the authors suggest, is a small price to pay for the reductions in poverty and inequality that would be achieved.

Looking to the future, the report proposes that the additional costs of what they call a ‘full’ Citizen’s Income scheme – one that abolishes most means-tested benefits - should be met by creating a social wealth fund. Whether this proposal belongs in this report is an interesting question. Stewart Lansley’s recent book on social wealth funds, *A Sharing Economy* (Policy Press, 2016), has filled a significant gap in the literature, and there are lots of good arguments for a social wealth fund: but there is no necessary connection between Citizen’s Income and a social wealth fund. Such a fund could be used for a variety of purposes, and there would be a variety of ways of funding a larger Citizen’s Income, of which a social wealth fund would be only one. But there is no harm in flying these kites, because sooner or later we shall need a Citizen’s Income, and although we would probably start with something like the first scheme trailed in this report, a more substantial Citizen’s Income would be useful in the longer term. To start to discuss how it might be funded could be helpful.

This report is a most welcome contrast to the proposal put to the Swiss population in their recent referendum: a proposal that emphasised a Citizen’s Income’s desirability but neglected questions of feasibility, that contained no suggested Citizen’s Income levels or funding methods, and that therefore allowed the proposers’ suggested level of £400 per week to doom the proposal. Compass’s *Universal Basic Income: An idea whose time has come?* proposes an entirely feasible Citizen’s Income scheme, and alongside the recent report from the Royal Society of Arts it has already contributed constructively to the UK’s current debate on Citizen’s Income. That debate has already moved on from Citizen’s Income’s desirability to its feasibility, while not neglecting continuing questions of desirability. There is now a sense in which the debate can move on from financial feasibility to additional feasibilities and to questions of implementation. We shall look back and see the Compass report as an important element in that process.

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As the editors put it, following the 2008 financial crisis, the notion of austerity ‘is shaping the welfare states in the most powerful economies and redrawing the terms of development in the less powerful ones’ (p. 1), mainly by enabling ideas associated with neoliberalism to dominate policy discourse: so they are tackling an important agenda when they bring together a range of contributions on different aspects of the idea and practice of austerity.

The editors’ own first chapter studies a variety of different aspects of austerity: short and long term expenditure cuts, the ways in which welfare states are being reshaped, and, in their view, a development unique to this particular era of austerity: the significant difficulty that any future government will experience in trying to reverse current and planned expenditure cuts. The chapter concludes with the irony that neoliberalism has required significant state action to ensure its own survival; and with the anxiety that the way in which the protection of capital has been prioritised over the protection of labour will leave scars in the social fabric that will be difficult to heal.

Michael Hill’s historical chapter compares periods of austerity during the Great Depression of the 1920s and 30s; during and after the Second World War; and during the 1970s and 80s following the oil price rise of the early 1970s: the era that gave birth to neoliberalism. Hill identifies a significant difference between the period following the Second World War and periods of austerity since then: that during the 1940s and 1950s, governments in the UK understood the need to protect, and indeed to enhance, the life chances of those most likely to be affected. This approach has not been a priority during subsequent eras of austerity.

In chapter 3, Stephen McBride finds that in the current period of austerity social costs have become economic costs and have contributed to the pressure for fiscal tightening, and yet no alternative strategy has achieved sufficient political traction to ensure its implementation anywhere. McBride draws attention to the fact that the very possibility of governments stimulating their economies is increasingly under threat in the European Union, and to the fact that rising private debt is just as much of a problem, and should be just as much a matter of public policy, as rising government debt.

Bob Jessop takes a ‘cultural political economy’ approach that studies the ways in which the word and idea of ‘austerity’ have come to dominate debate, and he locates this domination within a highly complex international context in which national governments now have little control over their own currencies or economic policies. Jessop quite rightly suggests that an embedded neoliberalism, and an increasingly embedded ‘austerity’ agenda, are giving birth to an ‘austerity state’ as a relatively unquestioned reality. Jessop calls this a ‘neoliberal variant of authoritarian statism’ (p. 106). It is that, but perhaps its ascendency is due to the fact that in the midst of such complexity a conceptual framework that is coherent within its own terms looks like a welcome harbour in a stormy sea rather than to anything else. As Jessop points out, the TINA (‘there is no alternative’) narrative soon led to neoliberal austerity vanquishing any other option in Greece.

In chapter five, Whitfield and Spoehr offer an alternative policy agenda based on a Keynesian investment strategy. A lot of the other ideas that they discuss, such as the prevention of tax evasion, the regulation of financial institutions, and the bringing back into the public sector of outsourced public services that private companies are struggling to manage, are just plain common sense, and in many countries they are already happening. Several European countries will implement a small Financial Transaction Tax in 2016 ( - the UK has opposed the tax). The tax will not only provide some useful additional government revenue, but it will also to some extent slow the kind of trading that helped to bring about the financial crisis in the first place. It is quite simply a good idea. The authors also identify means-tested in-work benefits as unhelpful subsidies to capital. What they do not say is that a significant element of the subsidy effect is generated by the dynamic nature of the benefits – that is, the means-tested benefits, and therefore the subsidy to capital, increase as wage rates fall. A non-means-tested benefit for every citizen would continue to help to protect families on low incomes, but it would be a static subsidy rather than a dynamic one: that is, it would not change if wage rates fell. Falls in wage rates would no longer increase the subsidy to capital.

The final chapter, by Fox Piven and Minnite, shows how globalisation, financialisation, neoliberalism, and the financial crisis, have increased poverty rates and inequality, and have made it difficult for the public’s voice to be heard. In Latin America, on the other hand, public pressure has resulted in increasing
coverage of benefits for poor families. The authors identify the dispersed nature of power in Western democracies ( - a dispersion that involves the courts as well as executives and legislatures at a variety of different levels) as a major reason for protest movements in the West failing to deliver the kinds of success achieved in Latin America.

The editors end their introduction with the conclusion that ‘progressive social policies offer a better way to cure the present economic condition than is offered by austerity’ (p. 8), and they end their concluding chapter with the suggestion that ‘alongside its failure to deliver on its economic promise, politics can determine whether austerity may yet reach its limits’ (p. 176). Whitfield’s and Spoehr’s chapter in particular offers legitimacy to these conclusions.


Before the 2010 General Election the Social Policy Association published In Defence of Welfare: a review of the social policy developments of the preceding parliament. The current volume was published before the recent General Election with the same purpose. It contains nearly fifty short essays on a wide variety of aspects of social policy, divided into six categories: What’s the point of welfare; Impact of welfare reforms; Welfare provision – core services; Welfare beyond the state; Challenges to welfare; and Looking Ahead. All of the essays are by experts in the relevant fields, they are up to date, and they are of high quality. The verdict of the essays is almost unremittingly negative in relation to the previous government’s social policy record. This is understandable, because food banks get a mention in more than a quarter of the essays, benefits sanctions and caps and the bedroom tax appear almost as often, and the Government didn’t even seem to be listening to informed right wing opinion, as Ian Cole and Ryan Powell point out in their contribution on housing: but the risk attached to the unremittingly negative tone is that a future Conservative government (which we now know we have) will be increasingly disinclined to listen to social policy expertise.

A somewhat different approach is taken by Robert Page, whose essay attempts an objective understanding of what he calls the ‘progressive neo-liberal conservative agenda’ (p.52) – although some would no doubt question the inclusion of ‘progressive’ in that description. It now looks even more likely that this will become the ‘dominant welfare narrative of the contemporary era’ (p.54), and if the social policy profession can’t learn to work with it then it will find itself increasingly marginal to social policy decision-making. The social policy evaluation that we shall require will be the kind offered by Liam Foster and Jay Ginn. Their analysis of the Single Tier State Pension (STP) and other pension changes is that there will be some useful long term effects ( - there will be a greater incentive to save for retirement, and the system will be less complex than it is now), but that the changes will not solve some important problems, such as pensioner inequality. The policies on which the social policy community will need to concentrate are those that will deliver genuinely progressive outcomes but that will also cohere with a neo-liberal ideology. The STP is clearly a good example of this. Provision that is universal, or more nearly universal than the current provision, has a good claim to neo-liberal conservative interest because of its greater economic and administrative efficiency. It would also be genuinely ‘progressive’. Getting behind increased universal provision in social security and other policy fields is something that social policy academics and practitioners across the political spectrum should be able to agree on. Other important suggestions are that of Yates and Lockley in their essay on the increasingly computerised interface between the Government and the public: that the academic community needs to ‘take heed of the policies and practices that can be implemented through technology solutions’ (p.160); and that of Crosby and Price, that rather than providing short-term survival, the social security system should ‘prevent socio-economic insecurity and promote opportunity’ (p.170). Between them, these essays suggest that easily-computerisable universal benefits should be serious policy options both for neo-liberal governments and for the social policy community.

The editors are to be congratulated for bringing together such a feast of well informed, concise and relevant essays. The collection should be on the reading list of every minister in the new government.

This concise and well-argued book sets out from a broad European definition of ‘welfare’, which includes state spending that invests in human capital and responds to collective risks, rather than from a US-style welfare designed only for the poor. A history of the European welfare state and a discussion of Esping-Andersen’s ‘three worlds of welfare capitalism’ are followed by a description of the increasingly precarious state of Europe’s welfare provision. Gamble then discusses the socialist case for a redistributive welfare state, the conservative case for a more restricted welfare state, and the neoliberal case for abolishing the welfare state altogether. He then lists four challenges facing European welfare states: affordability; competition from labour markets not burdened with income taxation to fund welfare states; new social risks, such as increasingly insecure employment; and ageing. Page 71 offers a good discussion of the differential effects of universal and means-tested benefits.

Gamble’s final chapter argues that the status quo is not an option, and so asks what changes are required if the welfare state is to survive. The first requirement is a deeper understanding of the welfare state’s role in capitalism’s success. This leads us away from the question ‘Can the welfare state survive?’ and towards asking whether ‘capitalism can survive if welfare states are destroyed’ (p. 104). When it comes to specific policy prescription, at the top of the list is a non-means-tested income for every citizen. Both an unconditional Citizen’s Income and a Participation Income get a mention (although without a discussion of the administrative complexity of the latter); Negative Income Tax, Tax Credits ( - whether real ones or the UK Government’s variety the author doesn’t say), and minimum and living wages, are all described as steps towards a Citizen’s or Participation Income; and capital grants are mentioned as a variant. Beneficial effects that would follow the implementation of a Citizen’s Income are listed as increasing economic activity, more fulfilling employment, social cohesion, and lower inequality.

Building a political coalition around the idea of basic income would help end the resentment of those in work contributing to support those who are not able to work or cannot find jobs. Payment of a basic income to everyone would price workers into many more jobs which at present do not pay enough for people to live on. (p. 109)

In a more volatile employment market, state education and healthcare will remain important, and Gamble lists alongside these areas of state involvement regulation of the employment market, regulation of financial markets, regulation of housing markets, and regulation of companies. All of these are measures designed to increase welfare. A further requirement is a reduction in inequality, because higher inequality means that the wealthiest are more likely to abdicate both from paying for collective provision and from benefiting from it. Another requirement is the construction of welfare states in countries currently generating migration. And that’s where the book ends, rather abruptly. ‘Further reading’ is offered, but no bibliography or index.

The significance of this book is not that it advocates a Citizen’s Income – there are plenty of books that do that: but that it finds a Citizen’s Income to be the crucial mechanism for ensuring the survival of welfare states. Gamble makes a persuasive case, and we hope that this book will be much discussed.

Simone Scherger (ed.), *Paid Work Beyond Pension Age: Comparative perspectives,* Palgrave Macmillan, 1 137 42513 2, hbk, xviii + 319 pp, 2015, £65

This thoroughly researched collection of chapters from authors in universities and research centres in Europe, China, and the USA, tackles an increasingly important issue. The editor’s introductory chapter shows how employment levels among people aged over 65 have risen during the past fifteen years, and it sets an agenda:

> What is debated here is not only the institutional relationship between paid work, on the one hand, and old age and retirement, on the other, but also the question as to how people want to or should live in old age and the meaning that is attached to this. (p.21)

The book contains three sections: country cases, contexts, and consequences. The country cases come first, which grounds the discussion in particular contexts before the later sections tackle such wide-ranging issues as globalization, inequality, and wellbeing.

The country cases from the UK, the USA, Italy, Sweden, Russia, and China find increasing abolition of mandatory retirement ages, increasing employment – and particularly self-employment - among older age groups, a diversity of factors involved in employment decisions made by workers and workplaces, increasing inequality in old age, and a diversity of
legislative frameworks (from the UK’s abolition of a statutory retirement age, through Sweden’s pension system, which encourages a longer working life, to Italy’s somewhat anachronistic insistence that pensions can only be paid once the worker has withdrawn completely from the employment market). A significant finding is that low-skilled workers often work beyond the age of 65 out of economic necessity, whereas better educated workers work beyond the age of 65 for social and task-related reasons. A further significant observation that the reader might make is that in countries that don’t look particularly democratic, such as Russia and China, public pressure appears to be driving government reluctance to raise or abolish statutory retirement ages, whereas in more obviously democratic countries, such as Sweden, Germany, and the UK, ‘retirement age’ is becoming an outdated concept and statutory retirement ages have either been abolished or have become less relevant.

The case studies raise an interesting question. The introductory chapter showed how retirement ages are becoming more diverse and less statutory, and how, because employment is rising in older age groups, the employment/retirement boundary is becoming more ‘fuzzy’. This raises an important question in relation to the significance granted to a worker’s 65th birthday from page 1 of the introduction onwards. ‘age 65’ is understandable as a convenient statistical boundary, but by the end of the case studies the reader is seriously questioning its validity and is wondering whether ‘retirement range: 55 to 75’ might better match the evidence presented.

The second part of the book tackles broader issues: pension reform in Europe (which both extends working life and blurs the boundary between retirement and employment); the transition to retirement (which is influenced by both institutional and social psychological factors, and particularly by the higher risk levels imposed on us by globalization); the ways in which companies are adapting to older workers; and the ways in which institutions in different organisational sectors understand the concept of retirement and its relationship to employment.

The third part of the book is about some of the consequences of the changes charted in the first two sections. Economic and employment circumstances affect wellbeing during retirement just as much as they do during working life; ageism is a continuing problem; and the precarity of much employment has increased the extent to which workers hope that retirement will offer them ‘late freedom’. The final chapter argues that complete flexibility across the life course might not be good for us, and that we might need to maintain the ‘fiction’ of ‘retirement age’, and to regard employment after retirement as a deviation from the standard model, because only such an understanding of the situation will legitimise the necessary social protection for older people and will remind us of visions of the future that are not constructed around working longer and even in retirement age, but allow for both more freedom and welfare for all. These visions might inspire policies for better lives and fewer inequalities not only in industrialized countries but even more so in countries with so far underdeveloped or non-existent welfare states and pension systems. (p.314)

Of particular relevance to readers of this Newsletter will be chapter 8 on pension reform, which employs Esping-Andersen’s regime typology as its framework (on page 180. Esping-Andersen does not appear in the index. The index contains other quirks, too, such as at least one reference to a blank page). Chapter 8 is a thorough discussion of how pension systems are changing across Europe, and of reasons for those changes, but it does not make proposals for future changes. If ever a second edition is considered then the addition of a discussion of the state pension reforms that would best fit older people’s changing employment world would be useful. To universalise across Europe the residence-based but otherwise unconditional Dutch system discussed on p.188 would be the most effective way to provide the economic security that the pension and employment situation described in the book clearly requires.

**Nigel Keohane and Ryan Shorthouse, Sink or Swim? The impact of the Universal Credit.** Social Market Foundation, 2012, 1 904899 79 X, pbk, 130 pp, £10

This report from the Social Market Foundation, published in 2012, evaluates the proposals for Universal Credit in relation to its finding that low income households experienced low financial resilience before the financial crisis, and that it is now lower still.

Universal Credit combines existing means-tested benefits into a single payment; shifts claimants from weekly and fortnightly payments to monthly ones; replaces the tax credits flexible annual assessment period with a fixed monthly assessment; pays Housing Benefit to social tenants rather than to their landlords; pays each household’s Universal Credit into a single bank account; and takes account of...
savings when Universal Credit is assessed, whereas previously the level of savings did not affect tax credit claims. As the authors show, the shift to monthly payments, and the payment of the housing element to claimants rather than to landlords, will pose problems for many vulnerable households. In addition, payment monthly in arrears could make life difficult for claimants who lose their job near the beginning of a month; in a small number of households, payment into a single bank account will cause tension; and 600,000 families could lose all or some of their means-tested benefits through the savings rule being extended to all claimants.

The aim of monthly payments, and the housing element being paid to claimants, is to encourage families to take responsibility for budgeting, and to prepare those out of work for employment, because in employment they will generally be paid monthly: but the policy could propel many vulnerable families into increasing debt at high rates of interest, thus increasing their financial insecurity. The authors propose a ‘budgeting portal’ that claimants could access online. This would enable them to choose their own payment period, to pay the housing element directly to their landlord, and to divide the payment between different bank accounts. Where families are in rent arrears, use of the portal to pay the housing element to landlords could be enforced so as to avoid evictions.

There are lessons here for anyone proposing reforms of the benefits system. Take, for instance, a Citizen’s Income. There is no reason why payments of Citizen’s Income should not be on a monthly, weekly, or even daily basis; and if a continuing means-tested Housing Benefit were to be paid, there is no reason why that could not be separately assessed and then paid to one of the members of a household via the same portal. One of the reasons for suggesting a budgeting portal for Universal Credit would not apply to a Citizen’s Income. A Citizen’s Income would be paid to individuals, and not to households, so there would be no need for a portal to enable the payment to be split between different members of a household.

The Social Market Foundation and the authors have given us a most useful piece of research, and have drawn some relevant conclusions from it.


The author is clear about what his book is and what it isn’t. It is not a standard text book on social policy: the kind that asks about the history of social policy in such fields as healthcare, education, and housing; that studies the current state of social policy in those fields; and that might also discuss possible future developments. This book asks how social policy might be analysed. It approaches its task first of all by dividing up the task of analysis into four separate analyses: distributional, ethical, critical, and empirical (although the author rather loses sight of this categorisation as the book progresses); and then by asking a different question in each chapter: What is a social problem? Who benefits from welfare? Who is a member of society? How does inequality persist? Why are people so mistaken about welfare? These questions then become lenses that enable Sinclair to evaluate policy in a variety of different fields.

(In the following, for the chapter number add 1 to the number that I have allocated to each question.)

1. In response to the question ‘What is a social problem?’ Sinclair concludes that social problems are largely determined by political ideologies and values: they are socially constructed. This means that ‘perceptions of social issues and policy responses to them are determined by political processes rather than an objective consideration of the facts’ (p. 21). 2. ‘Who benefits from welfare?’ invites the response: welfare is diverse and includes private, voluntary and domestic provision as well as public provision; and the ways in which welfare are paid for and distributed are diverse and complex. A type of welfare provision that often goes unrecognised is the ‘fiscal welfare’ constituted by tax allowances. 3. ‘Who is a member of society?’ can be answered in a variety of ways. In particular, ‘Social inclusion’ means ‘the ability to participate in mainstream social life’, and ‘social exclusion’ is an often stigmatising ‘dynamic and multidimensional process’ (p. 65). 4. The chapter on the question ‘How does inequality persist?’ outlines some of the drivers of increasing inequality, and draws particular attention to the ways in which social groups exclude outsiders from access to various ‘capitals’ ( - this section might usefully have employed Bill Jordan’s ‘clubs’ terminology). 5. The chapter entitled ‘Why are people so mistaken about welfare?’ discusses a number of apparently unshakeable myths about welfare (for instance, that
the best way to reduce poverty is to let wealth ‘trickle down’ from higher to lower income groups. Such myths are as much in need of analysis as every other aspect of social policy, and an important element of that analysis has to be study of the ‘echo chamber’ effect of the media. The myths are a signal that social policy is a creation of normative values and beliefs rather than of social facts, and to tackle them we need to frame social issues and social policy in ways that circumvent them. As Sinclair points out, ‘perceptions do change, as shown in attitudes towards sexuality and disability in recent years’ (p. 137).

In relation to the Citizen’s Income debate, some tentative suggestions in relation to the questions that Sinclair asks might be as follows: 1. The social problems that Citizen’s Income researchers discuss will often be shaped by the proposed solution of a Citizen’s Income. 2. Citizen’s Income would be a rare example of entirely transparent equal provision of welfare for every individual. 3. Citizen’s Income would generate additional social inclusion for everyone. 4. A Citizen’s Income would reduce marginal deduction rates, would enable households to increase their disposable income more easily, and would therefore provide a mechanism for decreasing inequality; but still each Citizen’s Income scheme will need to be carefully constructed to ensure that at the point of implementation it does not exacerbate inequality. 5. Simply offering evidence that contradicts unfounded objections to Citizen’s Income will not reduce the potency of those objections. Citizen’s Income might need to be framed in ways consistent with the myths.

In his concluding chapter, Sinclair suggests that social policy ‘contributes to addressing social problems by asking questions, clarifying thinking and analysing options’ (p. 147). There is a sense in which the Citizen’s Income debate is driven not only by a list of social problems that a Citizen’s Income might ameliorate, but also by a commitment to Citizen’s Income both as a foundation for a good society and as a solution to some social problems. This raises an interesting question about Citizen’s Income’s relationship to social policy as an academic discipline. As we have seen, social policy is positively useful in the context of the Citizen’s Income debate. This suggests that there are in fact two possible starting points for social policy analysis, and not just one. It can either set out from social problems and ask about solutions, or it can ask how proposed solutions might relate to social problems and to a vision of a good society. Discuss.

This well-organised and comprehensible book by a seasoned teacher of social policy analysis will be of enormous benefit to teachers, students, researchers, and social policy practitioners. It will be particularly useful as a template by which continuing analysis of Citizen’s Income might be undertaken.


The first thing to say about this book is that the title does not describe what the book is about. The book is about a Negative Income Tax, and not a Basic or Citizen’s Income. A Basic Income is an unconditional, nonwithdrawable income paid to each individual. A Negative Income Tax employs the tax system to add to an individual’s earnings if those earnings fall below a given threshold. It is certainly true that ‘from an economic point of view’ (p. 54) – that is, from the point of view of some forms of economic theory - Negative Income Tax and Basic Income are the same thing: but the administration of a Negative Income Tax is very different from that of a Basic Income, and that matters.

The book sets out from such normative justifications for Citizen’s or Basic Income as Philippe Van Parijs’s ‘real freedom’, and from a recognition that means-tested benefits discincentivise employment market activity. The author then proposes a particular revenue neutral Negative Income Tax for Germany, and evaluates its cost, its effects on poverty, and its likely effects on labour supply and levels of earned income. (In order to understand the argument the reader will need to be comfortable with some fairly complex economic theory and some equally complex mathematics). Readers will need to take particular note of the fact that the Negative Income Tax scheme that Sommers proposes would only apply to families containing at least one employable individual (p. 83), and that this constitutes an additional difference from Basic Income, which by definition would be received by every legal resident. The one part of the proposed scheme that is a Basic Income is an annual payment for each child. Unfortunately, Sommers also proposes a child element attached to the Negative Income Tax without resolving the considerable administrative difficulties that this would impose. An additional complexity relates to the retention of Germany’s joint taxation of married couples, which means that the Negative Income Tax administration would need to be household-based rather than individual-based; and another is that Sommers allows each household (not each individual) to choose whether to go for his
Negative Income Tax or whether to stick with a revised social security scheme that draws earned income at 100%.

Sommers employs microsimulation to simulate wage rates in relation to age, education level, and a variety of other factors. He then tests the microsimulation results on today’s labour supply, and goes on to estimate labour market changes that would result from implementing the proposed Negative Income Tax. Sommers discovers a complex picture, but some significant results are obtained: the number of households undertaking zero hours of employment would fall, the total number of employment hours would rise, and the number of hours of employment undertaken by households with dependent children would fall. The method that Sommers uses could usefully be employed in other contexts, and it could usefully be extended to create a more dynamic model, which would employ changing marginal deduction rates alongside changing wage rates. As Sommers recognises, changes in the labour supply do not necessarily match changes in labour demand. A further research project might be macrosimulation to estimate the changes in labour demand that might follow from the implementation of a Negative Income Tax.

When it comes to an evaluation of whether the proposed scheme would reduce poverty, Sommers proposes a two-tier definition: ‘physical poverty’ (similar to ‘absolute poverty’) and ‘sociocultural subsistence minimum’ (similar to ‘relative poverty’ – that is, the income that a family needs to participate in society’s normal activities). He then rather loses sight of the distinction, but finds that his Negative Income Tax scheme would reduce poverty, particularly for families with larger numbers of children.

While the book does contain some discussion of the differences between a Basic Income and Negative Income Tax, the administrative simplicity of Basic Income and the administrative complexity of Negative Income Tax remain implicit rather than discussed. When Sommers gets close to discussing the administrative differences between the two, he suggests that ‘this is a question of the actual implementation of a specific scheme and exceeds the scope of this paper’ (p. 61). Is that true? The book claims to be about the feasibility of a scheme, so administrative feasibility is surely as important as any other kind of feasibility.

At the end of the book, Sommers recognises that he has shown that a particular Negative Income Tax scheme would be financially feasible, and that psychological feasibility still needed to be proved (p. 177). He has also shown that his scheme would be behaviourally feasible, because it would increase labour supply. Perhaps Sommers could now write a second volume that would add considerations of psychological and administrative feasibility to his existing work on administrative and behavioural feasibility.

The book needs an index and a bibliography, but doesn’t have either; and it contains far too many proofreading errors. This is a pity, because this is an important book. One might wish that a genuine Basic Income had been tested: but the thorough testing of a Negative Income Tax that the book does contain offers many useful lessons to those of us who research the feasibility of Citizen’s Income schemes – and in particular the lesson that it is important to evaluate as rigorously as possible the likely labour supply effects of proposed schemes.

The book says that it is interdisciplinary and it is. Sommers has shown himself to be both competent and interesting in relation to both political economy and economics, and he often mixes the disciplines to creative effect. It would be a pleasure to see him employ his considerable philosophical, economic, and mathematical skills on the evaluation of a genuine Basic Income.


This is a ‘big picture’ book: a brave attempt by a former Director of the Child Poverty Action Group to connect together different academic disciplines (and particularly political economy, sociology, and social policy) in order to construct a vision for social justice. Here is perhaps the defining feature of the book: that it is an attempt at construction. There is no shortage of books of analysis of the state of our society, and particularly of its inequality and its injustice: but books that attempt something more positive are harder to find. Sally Witcher’s book is therefore a very welcome contribution.

The introduction suggests that a cohesive society that maximises people’s wellbeing will be one characterised by an inclusive equality; the second chapter moves on from Amartya Sen’s and John Rawls’ approaches by insisting that inclusive democracy and a variety of equalities are required if we are to establish social justice; chapter 3 understands poverty as a variety of different deprivations, and not just as a deprivation of financial...
The inclusive equality developed in Witcher’s book is an inevitable characteristic of healthcare provision. The question that those of us working in different social policy fields are left with is this: Is there anything in this approach that we might be able to transfer to different social policy fields? Take the benefits system: This provides money and not personal care; and it has to treat everyone the same, and so needs to be organised nationally (or perhaps locally if the benefits relate to local conditions). Individual negotiation is restricted to the most stigmatising parts of the service: for instance, a claimant might attempt to persuade a benefits officer that the man living in her household is her lodger and so on: and, because everyone’s healthcare needs are different, constant complex detailed negotiation between a wide variety of individuals and institutions is an inevitable characteristic of healthcare provision. The inclusive equality developed in Witcher’s book is designed to deliver social justice in precisely this kind of situation.

The author is perhaps wise to have restricted to healthcare policy a discussion of how her broad approach might work out in practice: but one of the unrecognised consequences of this restriction is that the structure of healthcare policy might have influenced the broad approach. Healthcare is delivered through a wide variety of interrelated institutions: general practices, hospitals, local authority social service departments, privately run nursing homes, residential care homes, and so on: and, because everyone’s healthcare needs are different, constant complex detailed negotiation between a wide variety of individuals and institutions is an inevitable characteristic of healthcare provision. The inclusive equality developed in Witcher’s book is designed to deliver social justice in precisely this kind of situation.

But having said that: this is a most important book. By taking a particular social field and asking how best to secure inclusive equality within it, the author encourages all of us involved in social policy to study the options available in our own policy fields, and to ask the question: How in this particular social policy field can we ensure greater inclusive equality? In the benefits field, the answer is clear: universal benefits, and unconditional benefits would offer significant advantages over conditional benefits: and such unconditional benefits are at the extreme opposite end of the spectrum to responsive healthcare in terms of recipient involvement in decision-making. In the benefits field, the benefits most likely to secure inclusive equality are those that would cohere least well with the approach suggested in this book.

Gunnar Lind Haase Svendsen and Gert Tinggaard Svendsen, Trust, Social Capital and the Scandinavian Welfare State: Explaining the flight of the bumblebee, Edward Elgar, 2016, viii + 156 pp, hbk, 1 84844 064 7, £65

How do the Scandinavian countries do it? And, in particular, how does Denmark do it? High public expenditure, high taxes, and a robust economy, appear to function perfectly happily alongside each other. Why doesn’t free riding scupper it all?

To study this conundrum, the authors employ what they call Bourdieueconomics: economic theory constructed on the basis of Bourdieu’s insight that intangible forms of capital – social, cultural, and symbolic capital – are at least as important as the tangible sort to which we can ascribe monetary value. This theoretical decision leads the authors to their research question:

How is social capital used in practice to generate wealth in contemporary Denmark? (p. 7)

The introductory chapter is followed by a chapter on Bourdieueconomics, in which the authors find that social trust and open and inclusive social networks reduce free riding and encourage ‘hard riding’: that is, active contributions to society. Chapter 3 studies two local communities, and finds that voluntary associations and informal networks create the trust that enables social capital to be shared around formal and informal networks. Meeting places are essential to this process, as are the committed ‘hard riders’ who actively build organisations and networks. The authors’ conclusion to chapter 3 is that ‘it is trust, and the active use of this lubricator, that leads to widespread cooperation and economic success in daily life’ (p. 53). Chapter 4 studies a policy instrument – the national ‘culture house’ or ‘community centre’ movement – that acts as a facilitator of the organisations and networks that keep
the cultural machine humming along. Chapter 5 finds that the public sector has an important role to play, and that public libraries in particular function as facilitators of social capital transfer. Chapter 6 studies the private sector, and finds that companies that emphasise co-operation can convert social capital into economic capital, and that this works best when the co-operation is formalised in some way.

In the concluding section of the final chapter the authors compare Denmark, with its high level of trust and its sufficient number of ‘hard riders’, with Greece, with far too few ‘hard riders’ and far too many free riders milking the State and finding ways to avoid taxation. Greece’s economic collapse was inevitable, and Denmark’s will be if it cannot maintain its current levels of social capital, trust, networks, associations, community centres, and co-operative activity. The authors don’t discuss the UK, but my suspicion is that the UK is surviving on the basis of a historic legacy of trust and social capital that is no longer being actively rebuilt, and so will eventually run out, with consequences similar to those in Greece.

This is a really worthwhile book because it takes a broad view of economics, it offers informative case studies, and it draws significant conclusions. There might be no detailed study of social security systems, but this book is still essential reading for anyone involved in the Citizen’s Income debate. The UK’s current benefits and tax system, which divides people into silos and thereby invites the stigmatisation of benefits claimants by taxpayers, destroys trust and makes almost impossible the transfer of social capital between different groups within society. A Citizen’s Income would have a very different effect. It would invite co-operation, trust, and the transfer of social capital; and by reducing the stigmatisation and anxiety experienced by so many benefits and tax credits claimants, it would make it a lot easier for a lot more people to build and employ social capital.

The Citizen’s Income debate is not just about illustrative schemes and marginal deduction rates, although of course it is about those. We also need to employ Bourdieucromics to the Citizen’s Income debate, and to discuss the new levels of trust, social capital, and therefore economic capital, that a Citizen’s Income could generate.

Yvette Cooper MP (ed.), Changing Work: Progressive ideas for the modern world of work, Fabian Society, 2016, 0 7163 4127 7, pbk, xviii + 90 pp, £9.95

What really is happening to employment? And what will happen to it? While it is possible to list some of the more obvious changes currently taking place – an increasing number of zero hour contracts, the automation of an increasing number of activities, the death of old industries, and the birth of new ones – what will happen is far from easy to predict. Will new industries provide enough employment to replace the employment decimated by the automation of industries that used to provide thousands of skilled jobs? Will the new jobs be good jobs or lousy jobs? And how should social democratic parties respond?

The twelve essays that Yvette Cooper has brought together in this collection constitute something of a jumble of disparate contributions, and they are full of uncertainties. This is entirely appropriate to our lack of understanding of the future shape of employment, and to the difficulties that the Left faces as it attempts to respond. Nita Clarke worries about productivity; John Park ponders the future role of trades unions; Margaret Prosser asks how our education system can fill the skills gap that departing EU workers will leave behind; and Cameron Tait recognises that in a globalising world governments and political parties have little control over what happens in workplaces, so other means will need to be found to address the insecurity that so many workers are experiencing.

But in the midst of the diversity, an important consensus emerges: that the benefits system needs to change. Norman Pickavance suggests that an ‘age of connectivity’ provides a context for community-based economic activity, but for that to work we shall need a level of financial security far greater than that provided by a means-tested system that stigmatizes workers and traps them in job search activities. Simon Franks knows that providing such financial security requires ‘public policy tools … devised to ensure a fair distribution of the spoils, [so that] productivity increase will enable everyone to be better off’ (p. 20). Charlotte Holloway asks for ‘a smarter welfare state’ to help workers to gain ‘the skills to adapt and thrive in this digital age for life’ (p. 40). And Jutta Steirnuck recognises that ‘policy makers across Europe have to ensure that employment and social policies keep pace with digital innovation and entrepreneurship in order that we all profit from the opportunities and manage the potential risks which could be associated with it’ (p. 66), and that this applies as much to social security as
it does to minimum wages and health and safety at work.

Four out of the twelve authors are quite clear that at the heart of the social security system required there needs to be a Citizen’s Income. Anthony Painter shows that most new employment is ‘non-standard’ (p. 72), leading to ‘insecurity cubed’ … job insecurity, insecurity caused by the welfare state, and that caused by technological change’ (p. 73). A new social contract is required, and its cornerstone will have to be a Citizen’s Income (p. 75). Anna Turley agrees with this suggestion (p. 80). Guy Standing charts the rise of a precariat, and he offers the same prescription: a Citizen’s Income. And Scarlet Harris suggests that a Citizen’s Income would provide the foundation for a new gender equality, and would suggest that a Citizen’s Income needs to be at the heart of it.

In her introduction, Yvette Cooper describes the Labour Party as ‘never Luddite, always progressive’ (p. xvii). The fact that both the current leader, Jeremy Corbyn, and the shadow chancellor, John McDonnell, have understood the relevance of a Citizen’s Income to our economy, society, and employment market, suggests that this is still true.

Yvette Cooper and the Fabian Society are to be congratulated on this edited collection. It sets the questions that need to be set; it offers a number of ways forward; and, in particular, it recognises the importance of a social security system fit for the twenty-first century, and is clear that a Citizen’s Income needs to be at the heart of it.

Andrew Harrop, For Us All: Redesigning social security for the 2020s, Fabian Society, 2016, xxiii + 164 pp, pbk, 0 7163 4128 4, free to download at http://www.fabians.org.uk/publications/for-us-all/

This is an important report from the General Secretary of the Fabian Society, and it will make a useful contribution to the current debate about how the UK’s social security system can best serve our changing society and economy.

The first part of the book provides a useful introduction to the UK’s social security system, and a well-researched critique of the trajectories of the current benefits system. At the heart of that critique is the increasing divergence between more adequate incomes in retirement and increasingly inadequate incomes for working age adults, and the divergence between the government’s generous support for the incomes of the wealthiest (via tax allowances) and its rather less generous support for the incomes of poorer families (via benefits and lower value tax allowances). The outcome of the current trajectories will be increasing child poverty.

In the second part of the book, Harrop asks ‘how social security can evolve in the 2020s to respond to the economic and social change that a decade of technological transformation will bring’ (p. 45): to which we ought to say ‘yes, but …’. The ‘but’ is that we simply don’t know what social and economic conditions will be like during the 2020s, particularly by the time we get to the end of them. A better question might have been: ‘how can social security evolve in the 2020s so that it can respond to any conceivable economic and social conditions that we might encounter in the future’. But having said that, Harrop’s particular predictions probably hold good for the next few years, and they mirror those made in numerous recent publications.

Then follow four ‘options for reform’. The first option, more means-testing, recognises the central place that means-testing has in the UK’s benefits system, and makes some sensible suggestions for adjusting Universal Credit, particularly in relation to housing costs, so as to improve the net incomes of low-earning households. (Memories are short: anyone who had anything to do with the Manpower Services Commission of the 1980s will know that Harrop’s proposal for ‘guaranteed compulsory jobs’ should be quietly dropped.) A similar approach is taken in relation to the second option: more contributory benefits. Here there is a quite proper recognition that the current contributory system, even if it were to be reformed, would not provide the income security that so many families now lack and need: but a useful suggestion is that individuals should have the option of postponing retirement and of taking periods of ‘pension’ income earlier in life in order to facilitate caring activity. The third option is an increase in private provision. Again, Harrop recognises that there is a limit to what private provision can achieve for low-earning households. He suggests a compulsory savings scheme, and compulsory income protection for middle- and higher earners: although whether compulsory schemes of this nature should be counted as ‘private’ provision or as ‘contracted out public provision’ is an interesting question.

The fourth option is additional universal provision. Harrop recognises that non-means-tested benefits are appropriate for people with disabilities, and that an increase in the level of Child Benefit would be useful. While suggesting that a Basic Income that replaces means-tested benefits is not feasible, he recognises
that government support of family incomes through personal tax allowances and benefits of various kinds is not far from being ‘flat rate’ support for incomes, and he suggests that flat-rate ‘individual credits’ and ‘child credits’ should replace tax allowances, Child Benefit, and, increasingly, means-tested benefits. Harrop’s suggested waiting period for new migrants is entirely practical, and his suggestion that the personal tax allowance should be slowly reduced and flat-rate credits slowly increased has much to commend it: but his suggestion that the credit should be paid only to those ‘participating’ in society would generate an administrative nightmare; the suggestion that only those paying direct taxes should be recipients would create serious administrative problems as people moved in and out of employment, and would leave out families with the most need to experience higher incentives to seek employment; and the idea that the credit could be paid through PAYE takes no account of increasingly diverse employment experiences, and would generate an administrative problem of Universal Credit proportions. However, Harrop’s flat-rate credits, if paid as cash, and shorn of their ‘participation’ and ‘direct tax’ conditionalities, would be a Citizen’s or Basic Income, as at one point he recognises:

A basic income becomes a more practical proposition if it is conceived, not as vast new spending, but a process of integrating and rationalising existing entitlements of broadly similar generosity. (pp. 136-7)

It is not an intrinsic part of the definition of a Citizen’s Income that it should dispense with means-tested benefits. Given that the ‘participation’ and ‘direct tax’ conditionalities, and the PAYE option, would be unadministrable, the administratively feasible conclusion to be drawn from this report is that a Citizen’s or Basic Income, alongside continuing means-tested benefits (reformed as suggested), would be the best option for the UK’s social security system. As we have shown, a Citizen’s Income of this nature would reduce child poverty, create almost no losers at the point of implementation, and redistribute somewhat from rich to poor.

As Harrop sums up: there is a good case for a strong universal tier, as a foundation for other forms of support, created by turning the tax-free allowances into a credit for all adults. Additionally, turning child benefit into a more generous child credit would tackle poverty, equalise life chances and reduce income inequality, as well as helping people transfer resources over their lives and meet the extra costs of children. (p. 145)

This is a most useful publication, full of information, well researched, and containing some sensible proposals. The one proposal that requires a little more research is that for individual and child flat-rate credits, and a further well-researched report on this proposal would be most welcome. The Citizen’s Income Trust would of course be pleased to assist.

(An additional note on the appendices, which appear on the Fabian Society website and not in the report: Appendix 7 contains two lists, one of arguments for a Citizen’s Income, and one of arguments against. Some of the arguments would apply to a Citizen’s Income of any value, and whether or not means-tested benefits were still available, whereas some of them assume that a large Citizen’s Income is in payment and that means-tested benefits have been abolished. Readers will need to distinguish between the different kinds of argument in each of the lists. Readers might also wish to compare the two lists with the arguments for and against Citizen’s Income in Malcolm Torry, 101 Arguments for a Citizen’s Income (Policy Press, 2015).)

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