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Citizen's Income Newsletter

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Editorial

The Citizen's Income Trust is a charitable trust with a single object: "to advance public education about the national economic and social effects and influences of Basic Income Systems (defined here as schemes which guarantee to each and every man woman and child the unconditional right to an independent income)." But 'the public' is rather a large group of people, so the Trust's trustees recently agreed a strategy to educate

current and future opinion-formers in the hope that this will in turn advance public education. As a first step we have undertaken a survey of MPs' views on the reform of social security benefits, and in this issue we publish the results of that survey.

We believe that our readers would be interested in current debate on a Citizen's Pension (a universal and unconditional retirement pension), so we include a report on the recent Liberal Democrat conference, and, for those readers with access to the internet, we have added a page to our website dedicated to the Citizen's Pension debate.

In order to educate UK opinion we also keep in touch with debate in other parts of the world, and this issue includes an article on the Basic Income network in the USA and another on the recent Basic Income European Network congress.

The newsletter contains the usual news items and book reviews (a fraction of what we could have included). It also contains the results of a research project seeking for a revenue-neutral Citizen's Income scheme which would redistribute towards the lower earnings deciles, minimally to or from the middle deciles, and minimally from the higher deciles. This is precisely the kind of information which would be required by a Royal Commission if ever one were to be set up to study the future of income maintenance.

Report on the Citizen's Income Trust survey of MPs' views on the reform of social security benefits

With the encouragement of Dr. Lynne Jones MP and of Sir Archy Kirkwood MP (Chair of the Work and Pensions Select Committee) the Citizen's Income Trust recently distributed a questionnaire to all MPs. Seventy-one completed questionnaires and eleven letters were returned: an excellent response.

The level of support for a Citizen's Income was considerable. Forty-one respondents were in favour, and only eleven against. And of particular interest to Sir Archy Kirkwood and Dr. Jones was the level of support for a Royal Commission: forty-six in favour, and only sixteen against. (Sir Patrick Cormack MP, one of the respondents, commented in his letter: "I have long advocated a Royal Commission to look at the Welfare State fifty years on".)

The full results of the survey are as follows:

A Citizen's Income is an unconditional, non-withdrawable income payable to each individual as a right of citizenship

1. Does our tax and benefits system meet the needs of our society and economy ?

	Yes	No
Conservative	3	8
Labour	9	24
Liberal Democrat	0	20
Other	1	6
Total	13	58

2. Does the system need radical change ?

	Yes	No
Conservative	9	1
Labour	21	11
Liberal Democrat	20	0
Other	5	2
Total	55	14

3. Do you think that change needs all-party support ?

	Yes	No
Conservative	8	2
Labour	22	7
Liberal Democrat	13	6
Other	7	0
Total	50	15

4. Would you like to help achieve such all-party agreement ?

	Yes	No
Conservative	6	2
Labour	21	7
Liberal Democrat	15	5
Other	6	0
Total	48	14

5. Would a Royal Commission on income maintenance be a good idea ?

	Yes	No
Conservative	3	6
Labour	24	6
Liberal Democrat	14	3
Other	5	1
Total	46	16

6. Might a Citizen's Income be a useful basis for reform ?

	Yes	No
Conservative	2	4
Labour	16	5
Liberal Democrat	16	2
Other	7	0
Total	41	11

7. Would you like to know more about the Citizen's Income option for reform ?

	Yes	No
Conservative	8	3
Labour	26	5
Liberal Democrat	11	8
Other	7	0
Total	52	16

A particular revenue-neutral Citizen's Income scheme

Using Family Expenditure Survey data for Great Britain for 2003, POLIMOD (a modelling programme maintained by Holly Sutherland at the Microsimulation Unit at the Department of Applied Economics at the University of Cambridge) analyses the effects of changes to the tax and benefits system on people's net incomes. For the purposes of this exercise only revenue-neutral possibilities were considered, i.e., so that the changes create neither a net gain nor a net loss to the exchequer; and only schemes which require the minimum of administrative change were considered in order to facilitate an easy transition. (In particular, tax credits are left in place and all other means-tested and National Insurance benefits are left as they are – though of course the payment of a Citizen's Income will cause the amount of means-tested benefits received by an individual or a family to be reduced.)

The scheme

Child benefit is increased to £15 per child.

A Citizen's Income is paid as follows: £20 p.w. to 16/17 year olds; £25 to adults below 65 years old, £30 between 65 and 75, £35 above 75.

The individual tax allowance is reduced to 0.

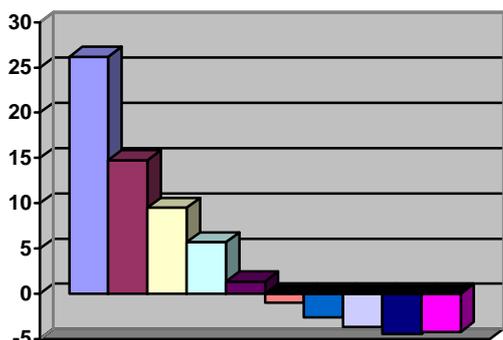
A flat rate of income tax of 26% up to the current higher tax threshold, and thereafter 40% as now.

The results:

The scheme is revenue-neutral. Gainers and losers are as follows:

Income decile	Average gain/loss %
10	-4.20
9	-4.40
8	-3.65
7	-2.63
6	-1.00
5	1.34
4	5.70
3	9.51
2	14.78
1	26.17

Average gain/loss % by income decile



Thus income is redistributed from people in the higher income deciles and towards those in the lower deciles, with high percentage increases for those in the lower deciles and low percentage decreases for those in the higher deciles. This kind of redistribution will not affect the lifestyles of the wealthy overmuch, it will leave middle-income individuals and families in much the same position as they are in now, and it will considerably increase the incomes of the poorest sections of the community – and it will achieve this whilst not deepening the poverty or unemployment traps. Because every individual and household will receive a greater proportion of their income as non-withdrawable cash payments, those in the lower earnings deciles will experience lower withdrawal rates and thus a greater incentive to increase their earned income.

Conference reports:

Liberal Democrats Pension Policy

by Philip Vince

The Liberal Democrats conference in September 2004 adopted a new pensions policy. I was a member of the group which wrote the policy paper which the conference debated and approved.

The main feature of this policy is a state pension for everyone over 75 who meets residence requirements at the level of the Pension Credit (currently £105.45 per week for single people) without any dependence on means-testing or contribution records. The Party has proclaimed this as a Citizen's Pension, but it is not one because it depends on marital status and only £160.95 would currently be paid weekly to married couples unless each partner has a contribution record entitling them to a full or almost full pension. This pension, like the Guarantee Credit now, would rise each year in line with average earnings. The precise residence requirement was not defined but it was suggested during drafting that this should be residence for either 20 years since age 25 or 10 of the 20 years before pension age in the UK or a country with which we had reciprocal arrangements. Those who had been resident for shorter times would receive pro rata pensions.

The conference resolution proposed that this should take effect in the first full year after the General Election but this is not feasible. It is essential to obtain all-Party consensus for such a long-term change and this, involving a draft Bill in one session before a final Bill in the next, and the time necessary for robust implementation of the computer system, would make April 2008 the earliest possible implementation date.

The net cost of this policy change, allowing for benefit expenditure saved, has been estimated at £3.2 billion per year. Liberal Democrats say that this could be met from their policy of dismantling the Department of Trade and Industry and eliminating some of the subsidies it administers. It was also suggested that we should use some of the £11 billion per year paid in contracted-out rebates. With many defined benefit schemes being closed to new members and some collapsing altogether, this level of expenditure has probably decreased already and I suspect that some of this has been concealed by the Treasury when it reports tax yields, which are highly unpredictable. It should be actuarially possible to avoid increasing contributions to defined benefit pension schemes as they would have less to pay out to those over 75.

Liberal Democrats intend that this 'Citizen's Pension' should be extended to everyone over 65 when this can be

afforded, but no date was set for achieving this. 2020 would be a good target, as that is when women's pension age reaches 65. By then all married women should receive the full pension, which could largely be achieved by giving everyone a contribution record each year from now.

People over 75 who have no income other than the state pension and who go through the present hurdles to claim the Pension Credit will receive no more from this proposed policy than at present. If they have a little additional income from other pensions or savings then they will retain that in full, whereas their present Pension Credit leaves them with only 60% of it. The main beneficiaries will be those who, from ignorance or pride, do not claim the means-tested benefits to which they are entitled. Pensioners who are above the range of means-testing will also benefit considerably. I have suggested for many years that some of this should be clawed back by higher taxation of the richer pensioners. The method I propose is that, instead of just phasing out the additional personal income tax allowance for older people, they should also be taxed at 33% instead of 22% on all income (up to the higher rate threshold) above the threshold at which withdrawal of the additional personal allowance begins.

Rights to SERPS and State Second Pension payments would continue to accrue. However, after age 75 payments of these additional pensions would only be made to the extent that they exceeded the new basic pension when calculated with reference to the existing retirement pension.

Flexible retirement, including working part-time beyond retirement age and drawing a portion of state and occupational pensions, would be encouraged. It was recognised that it would probably become necessary to raise pension age but it was decided that this should be determined by an Independent Pensions Authority, giving at least 15 years' notice.

At present anyone receiving a personal pension is obliged to convert it to an annuity by age 75. This is to prevent people from using their capital and then claiming means-tested benefits. With no one over 75 needing means-tested benefits in future this restriction would no longer be needed.

The other main policies adopted at the conference included:

- Legislation against age discrimination
- Entitlement to student loans for those over 55
- A kite mark scheme for occupational pensions
- Making it necessary for employees to opt out of occupational pension schemes rather than having to opt in

- Allowing employers to make joining a company pension scheme a condition of employment
- Offering low-cost private pensions run by National Savings and Investments
- Facilitating low-cost pensions advice through Citizens' Advice Bureaux
- Giving everyone annual pension forecasts to help them plan saving

Barcelona Diary

A report on the 10th Basic Income European Network Congress in Barcelona, Catalonia, Spain, on 19 and 20 September 2004

by Anne Miller

The 10th BIEN Congress was held in Barcelona in the period leading up to the autumnal equinox. Barcelona has developed an area called *La Plaza* towards the north-eastern end of its shore line. *La Plaza* was the site for a twenty week Universal Forum of Cultures, Barcelona 2004, from 9 May to 26 September. It comprises a large site with many interesting exhibition units, entertaining outdoor shows, games, restaurants and cafes, sitting areas, and it is obviously very popular with locals and visitors alike to spend a day or two absorbing the various sites and sights.

The *pièce de résistance* of this site is a large, well-equipped conference complex, completed this year, which hosted a series of conferences during the summer, culminating in one entitled the Universal Forum of Cultures: Dialogues on "Human Rights, Emerging Needs and New Commitments" organised by the Human Rights Institute of Catalonia (Institut de Drets Humans de Catalunya (18-21 September 2004). The BIEN Congress comprised one of six dialogues under this umbrella, entitled 'The Right to a Basic Income: Egalitarian Democracy'. The BIEN programme covered the 19th and 20th of September, but delegates were entitled to attend other dialogues and plenary sessions as well as the BIEN ones.

It was estimated that about 1,200 people attended the overall conference, and that as many as 300 may have attended some, or all, of the BIEN programme. This made it the largest BIEN Congress yet. Some of the expansion came from European representation, but even more came from an expansion into the rest of the world. In fact, one of the exciting developments for BIEN came at the end of the two-day programme,

when its General Assembly voted to change its name from 'Basic Income European Network' to 'Basic Income Earth Network', and changed its statutes appropriately to its going global. In fact, BIEN now has 11 national networks affiliated to it, including CIT, but also including networks from Argentina, Austria, Brazil, Denmark, Germany, Ireland, Netherlands, Spain, Switzerland, and the USA.

The programme was split into plenary sessions involving invited speakers talking to the whole congress, and parallel sessions, where organisers had put together four sessions running in parallel, each with four speakers and a chairman. In all the sessions, there were many willing speakers and their presentation time was limited to anything between 12 and 20 minutes, although some took longer than their allotted slot, and time-keeping by chair persons, except in a few cases, was rather slack, which was a shame. Speakers who managed to produce a final draft of their paper by the 31st of July had it included on a CD of papers entitled *Forum Barcelona 2004* (an excellent way of collecting them).

The whole conference kept delegates hard at work, and it is quite difficult to remember exactly what was said by whom, but here are some interesting snippets from some of the plenary speakers (paraphrased by me).

Guy Standing (Co-chair of BIEN executive committee, and Director of the Socio-Economic Security Program of the International Labour Organisation, in Geneva): 'It is not the academics, the middle-aged, or the elderly, that bring about change, but the anger and hope of youth', 'In feudal times, control of the land was the method by which the rich used poor people, in the industrial era it was the means of production, now with financial capitalism it is consumerism', 'we need to insist that the debate is on our own terms, not on those of our protagonists', 'we want a society which offers time and security to its members, not the current anxiety and stress', 'we associate Basic Income with happiness, tolerance, altruism, social responsibility, and solid productivity with reduced working time. Basic Income is part of a strategy for the good society'. At one stage, it was reported, I cannot remember by whom, that in a recent survey, Americans had voted overwhelmingly for a Basic Income - for Iraqis, based on their oil deposits.

After the introductory session, there followed an opening plenary session entitled "The Basic Challenges in the justification of Basic Income". It included three papers of excellent academic merit, which managed to offend different sectors of the

audience. The first was by Professor Stuart White of Oxford University (who is no stranger to CIT), who spoke on the "Right to Basic Income and the Duty of Reciprocity". Reciprocity in this context is the mutual exchange that takes place between individuals, and is based on a concept of private property rights and a given initial distribution of those rights. Reciprocity as a justification for Basic Income is an argument that most Basic Income aficionados rejected way back in the 1980s, in favour of justification by the rights and responsibilities of citizenship, where the reciprocity is between society and its members, whilst some others favour justification based on needs. It felt like a retrograde step to rehearse these old arguments again. (Maybe at future congresses sessions should be set up as debates so that differing views about justification for Basic Income can be expressed and argued over).

This was followed by a paper by Professor Dr. Angelika Krebs from Basel University, entitled "Caring for Life: Parental Care, Work and Basic Income". Dr. Krebs was looking at two arguments, either of which might recognise parental care work, with financial support from childless people. One was Human Capital theory and the other was called the Filial Debt theory. Dr. Krebs carefully examined each theory in turn and clearly endorsed the human capital argument. She said that although the filial debt argument is riddled with problems, it is still worth further probing. There was a sharp intake of breathe when she was asked whether her definition of work included unpaid work, as well as paid employment, and she replied, No, no. She specifically excluded unpaid work from her definition of work. The recognition of unpaid work as work is a sensitive issue for many women, and she immediately alienated some of the women in the audience.

One might imagine that no one could possibly offend anyone to any greater extent, but that would not have allowed for Professor Gosta Esping-Andersen, a Danish academic of impeccable international reputation, who is at the pinnacle of his discipline of sociology. His paper was about "Basic Income and the Family-Friendly Welfare State". He acknowledged that studies have shown that taking five years out of the labour market in order to care for children can lead to a 30% lower lifetime income, compared with those who do not take time out. However, it soon became apparent that Prof Esping-Andersen was not in favour of basic income as a solution to this problem. He was not in favour of mothers-with-care receiving autonomous income for so doing, because the better educated ones might exercise their choices and pay for

care, and earn high salaries, and this would increase the inequalities between high- and low-income families. (NB. These inequalities could be ironed out by progressive taxation policies.) Basic Income aficionados tend to dwell on individual rights, which offer women more autonomy, rather than household compensations where women's autonomy is sacrificed. In fact, Professor Esping-Andersen did not want parents to stay at home raising their children at all, but to join the labour market, and he claimed that the children of low- or no-income women were better off spending time away from their parents, because they are too inadequate as parents, and the children should spend their days in nurseries, because the staff would be better qualified. This statement immediately enraged a significant proportion of the women present, but there was very little time for questions to challenge these views, or to ask for the empirical evidence, which could support such claims. Needless to say, many women were left reeling.

These last two papers were meant to meet the request from two years ago for a plenary on "Basic Income and Care-Givers". They were given by academics of excellent reputation, and not by people with experience of long-term care-giving. Academic papers on philosophy have a role to play in justifying the provision of a basic income system, but most of those attending the Congress already know *why* they support Basic Income, and want to know the strategies and practicalities of *how* to get it implemented. This session should have focussed on the experience and concerns of long-term unpaid care-givers, and examined what a Basic Income would have to do to meet their needs.

Things improved significantly after this. In one of the later plenary sessions, on "The prospects for Basic Income in Developing Countries", Eduardo Suplicy, who is a federal Senator in Brazil, spoke of the widening eligibility of parents for a modest child benefit, of roughly £10 - £18 per month, according to their income, which has been made conditional on the children being vaccinated, that their diets meet certain nutritional standards, and that children aged between 7 and 16 attend school with an 80% attendance record. So, even though most BI advocates do not normally recommend conditionality, it is accepted that in different countries the route to a true basic income may be through hybrid variations. Suplicy recognised that extending a BI to all 181 million Brazilians was going to be a slow process, and railed against the gradualism, but he recognised that at least they had made a convincing and welcome start.

Ingrid van Niekerk, regional co-ordinator on BIEN's executive committee, and executive co-director of the Economic Policy Research Institute in Cape Town, spoke about how attitudes have to be changed in South Africa, and how the process of introducing new ideas goes from the 'unthinkable', to the 'impossible', to the 'undesirable', and to the 'not yet', before accepting the new idea. South Africa needs both a BI and job creation activity. She paraphrased Nelson Mandela, 'South Africa still has a long walk to economic freedom'.

Ruben Lo Vuolo, from the Centre for the Interdisciplinary Study of Public Policies in Buenos Aires, spoke of the unrealistic demands made on Argentina by international institutions, such as the International Monetary Fund and the World Bank, which expected Argentina to create stable jobs in a formal labour market, when the country does not have institutions which are capable of doing so, and where for generations, in many families, there has been no tradition of working in a formal job. As a result, Argentina has one of the largest workfare programs in the world. He felt that a change in the macroeconomic policies of the international institutions was required. However, he added that it might be easier to introduce a Basic Income in developing countries than in a developed one, because they would be introducing it from scratch, and would not have to dismantle the machinery of post-war welfare states, based on social insurance and a raft of means-tested benefits.

In the final plenary session, Philippe van Parijs, who has been secretary in BIEN's executive committee for most of BIEN's existence, and who has now retired from that post, recalled some of BIEN's history, accompanied by photographs of some of our younger selves. He recalled the prize won by The Collectif Charles Fournier (of which Philippe was a member) for an essay on Basic Income. The prize was presented to them by King Baudouin of Belgium, in Brussels in October 1984. They used it to finance their first conference at Louvain-la-Neuve in 1986, and it was there that BIEN was 'born'. He advised us not to lose touch 1) with *science*, which produces the evidence, 2) with *philosophy*, which enables us to keep ethically vigilant in policy evaluation, 3) with the *grass roots*, which provides both experience and the fire of indignation, 4) with the *diversity of stages and circumstances*, which demonstrate that hybrids may be acceptable on the path to a 'pure' BI system, 5) with *political feasibility*, where the 'Most Advantageous Yet Achievable' course of action may have to be weighed against the purist path. He reminded us that

political institutions are not carved in stone and can be changed. Finally, we must not lose touch 6) with the *limits of our resources*, that is, we must beware of our eyes being bigger than our stomachs. He quoted Margaret Mead, who had pointed out that a few thoughtful committed citizens may change the world, and that is the only way that it does change.

Guy Standing appeared at about this stage to report that the clause about Basic Income had been accepted overwhelmingly into the Charter of Emerging Human Rights. This was greeted with enthusiastic applause.

Antoni Castells, Minister of Economy of the Catalan Government, ended the last plenary by expressing his appreciation of the concept of Basic Income, which combines greater equality with greater freedom, an irresistible combination.

Anne Miller

Details about the 10th BIEN Congress can be found at the BIEN website address:

<http://www.etes.ucl.ac.be/BIEN/Resources/Congress2004.htm>

Article

The first five years of the United States Basic Income Guarantee (USBIG) Network

By Karl Widerquist

The U.S. Basic Income Guarantee Network was founded in December of 1999. It is called the USBIG Network for short (pronounced "U.S. big"). At that time, BIEN in Europe, CIT in Britain and several other organisations around the world had been discussing the basic income guarantee (BIG) for years, but there was no similar group in the United States. This absence was a little surprising because it was in the USA where the movement for a guaranteed income very nearly succeeded in the early 1970s. By the late 1990s, writers in many disciplines in the United States were again examining BIG, often with little contact with each other.

In December 1999, Fred Block (University of California-Davis), Charley Clark (St. John's University), Michael Lewis (State University of New York-Stony Brook), Pam Donovan (City University of New York-Graduate Center) and I created the USBIG

Network over breakfast at the Kiev diner in New York City. We chose the name because BIG works as a good generic term for "basic income," "negative income tax," and "guaranteed income." Also, it makes a nice acronym and the domain name www.usbig.net was available. We began by contacting everyone we knew of in the United States and Canada who had written on the issue recently. That started us with a mailing list of only about 30 people. We took on only one goal: to increase discussion of the basic income guarantee in the United States.

Over the next 10 months, we organised a seminar series in New York, and I volunteered to write an email newsletter that would spread the word about the seminars, new publications on BIG, and any news I could find on the topic. Initially, I was surprised to find that there is always news about BIG happening somewhere in the world. Whether it's a change in the Alaska Permanent Fund, a new bill in Brazil, a trial balloon in Canada, or a seminar in New Zealand, there's always something. Circulation grew quickly by word-of-mouth, and we now have more than 400 subscribers.

In February 2002, with backing from the State University of New York at Stony Brook, the Citizen Policies Institute, and the City University of New York in Manhattan, we held our first Congress. More than 100 people from eight countries attended, including academics, activists, and students. One of the highlights was a retrospective on the negative income tax experiments of the 1970s. A half dozen of the original researchers gathered to examine the relevance of those experiments for today's movement. Several papers from the conference will appear as a journal symposium on the basic income guarantee in the *Review of Social Economy* (2004, forthcoming), and several more have been collected for a volume of essays entitled *The Ethics and Economics of the Basic Income Guarantee*. Michael Lewis, Steve Pressman, and Karl Widerquist (editors). Ashgate, (2004, forthcoming).

Our Second Congress was held in conjunction with the Eastern Economic Association in March of 2003. Several papers from that conference have been collected for a special issue in the *Journal of Socio-Economics* which will be out later this year. Our partnership with the Eastern Economic Association has allowed us to count on having yearly congresses for the foreseeable future. Following the Second Congress, we solidified the coordinating committee that runs USBIG. It includes Al Sheahen (publicity

coordinator); Steve Shafarman (activist liaison); Michael Lewis (coordinator of the politics committee), Eri Noguchi (at large), Robert Harris (at large), and myself (coordinator).

Our Third Congress was held in Washington, DC, from February 20-22 2004. Philip Wogaman, a leader of the guaranteed income movement in the 1960s and 1970s, began the conference with a reflection on the development of the debate in the 35 years since the publication of his book, *Guaranteed Annual Income: the Moral Issues*. To him, the central objection to BIG asks, "Is it moral to give people things they haven't earned?" He argues that we all receive things we haven't earned, from childhood on. He points to the selectiveness of people who believe they earned everything they have, ignoring all the unearned advantages they have received.

Other highlights of the conference included a discussion of the possibility of an oil dividend for Iraq, and the first meeting between the fathers of the first two basic income guarantees in the world. Governor Jay Hammond created the Alaska Permanent Fund—the world's first basic income guarantee—which since 1986 has distributed an oil dividend to every Alaska resident. Brazilian Senator Eduardo Suplicy sponsored the new law that will begin phasing-in the world's first national basic income in Brazil in 2005. Although both had fought for BIG for decades, they had not met until now, and their meeting was an emotional moment for everyone present.

In addition to the Congresses and the Newsletter, USBIG maintains an on-line discussion paper series. Anyone is invited to submit a paper on the basic income guarantee or on the state of poverty and inequality. The discussion paper series now includes eighty-four papers that have been submitted over the last three years, and many of them have gone on to be published in major academic journals or in the popular press.

Our Fourth Congress is already in the planning. It will be held at the Sheraton New York Hotel and Towers in Midtown Manhattan, Friday March 4 to Sunday March 6, 2005. Confirmed speakers include Philippe Van Parijs and Wade Rathke. Van Parijs is a philosopher and social scientist at the Catholic University of Louvain in Louvain-La-Neuve, Belgium. His 1995 book, *Real Freedom for All: What (if anything) can justify capitalism?*, makes a strong case for a basic income guarantee and has been extremely influential in political philosophy. He is the secretary of the Basic Income European Network (BIEN), and has been a

leader of the growing movement for BIG in Europe for the last twenty years. Wade Rathke is a union organiser and activist and a prominent leader in the living-wage movement. He is the director of the Tides Foundation; the chief organiser of the largest union in the Southern USA (Local 100 of the Service Employees International Union, AFL-CIO); and founder and chief organiser of the Association of Community Organizations for Reform Now (ACORN), which is the nation's largest community organisation of low and moderate-income families, with over 250,000 members organised into 750 neighbourhood chapters in more than 60 cities across the country. A call for papers for this congress will be released soon.

Over the last few years we have seen an increasing amount of discussion of BIG in academic and policy circles in the United States, and we feel we have had some success in our goal of increasing discussion of the issue in the United States, although it is still a long way from being a major part of the policy debate. The Congresses and Newsletters will continue to be USBIG's main efforts, but we have also taken on three new projects:

- First, we are going to create a formal membership for the first time. Membership in the USBIG Network is free and open to anyone who shares its goals. Instructions for becoming a member will be released in the next newsletter.
- Second, we have recently created our honorary board of advisors, which so far includes Philippe Van Parijs, philosopher, the Catholic University of Louvain; Philip Wogaman, theologian, Foundry United Methodist Church; Francis Fox Piven, sociologist and political scientist, the City University of New York; Stanley Aronowitz, sociologist, the City University of New York; Carole Pateman, political scientist, University of California at Los Angeles; and Eduardo Suplicy, member of the Brazilian Senate.
- Third, we have created a politics committee to write a BIG bill and to recruit a member of Congress to introduce it.

For more information about BIG and USBIG see the USBIG website (www.usbig.net). To receive a copy of the USBIG email newsletter contact Karl Widerquist (Karl@Widerquist.com).

News

In April the House of Commons **Work and Pensions Select Committee** published *Child Poverty in the UK*. This predicted that the Government would meet its target of reducing child poverty by a quarter between 1999 and 2004. In section 10, on 'Future Support for Children', the first recommendation is that "the national strategy on child poverty should reassert the commitment to retain universal child benefit uprated in future to maintain and enhance its real value as one of the foundations of all future support for children." The committee was doubtful about the desirability of increases in Working Tax Credit and Child Tax Credit (particularly in relation to their effect on employment incentives) and recommended further research.

In September the **Department for Work and Pensions** published research on Direct Payment (the payment of benefits into bank accounts and new Post Office accounts): Key findings from the customer research show that:

- 91 per cent are satisfied with Direct Payment arrangements
- 88 per cent of pensioners are satisfied with Direct Payment arrangements
- 93 per cent are satisfied with having payments into an account
- 82 per cent said opening an account was easy
- Only two per cent had problems remembering or using their PIN

Work and Pensions Minister Chris Pond said: "This research shows that the new system is proving popular. Customers are finding new accounts easy to open, are happy with the information they get and can use PIN numbers easily."

The Centre for Research in Social Policy has published the findings of a research project on Britain's poorest children. The researchers found that paid work provides the best protection from poverty, but that "policy must recognise that work is not possible for all parents at all times and, therefore, that benefits must be adequate to protect children from poverty at times when work is not an option" (CRSP Briefings, issue 20, Spring 2004). Households' transitions from having someone employed and having no-one employed are found to be closely associated with children experiencing severe and persistent poverty, so the researchers conclude that "protection

needs to be increased for families during transition from benefits to work and from work to benefits."

The Department for Work and Pensions is piloting a Return to Work Credit, a tax-free payment of £40 per week payable for a year to people who have been on Incapacity Benefit, Income Support (on grounds of incapacity) or Severe Disablement Allowance for 13 weeks and who enter employment of at least 16 hours a week and paying £15,000 p.a. or less.

Child Benefit rules have changed. A person can normally get Child Benefit if they live in the UK and are responsible for at least one child living in the UK. Previously, 'living in the UK' was defined in terms of being present in the UK. Claimants are now expected to be 'both present and ordinarily resident'.

Compulsory work-focused interviews have been introduced for unemployed partners of people on Jobseekers' Allowance. There is a system of waivers and deferrals to protect partners for whom work is not a viable option, but generally failure to take part can lead to a reduction in the amount of benefit paid. The Department for Work and Pensions says that this measure is part of the Government's commitment to decrease the number of workless households.

Research by the **Centre for Economic and Social Inclusion** has found that when calculating whether a person will be better off in work "a problem arises because in-work benefits are cut back sharply as pay increases. If the combination of tax and loss of benefits is that you only get to see less than £2 out of every £10 extra you earn, as is likely to be the case, then an adviser needs to be absolutely sure they have included all costs which arise when someone goes to work. These include travel costs, costs of extra laundry and food, school meals for the children, and the loss of 'passported' benefits such as prescriptions and dental care" (*Working Brief*, issue 149, November 2003, p.3). The Centre recommends increasing in-work incentives by extending Housing Benefit and Council Tax Benefit disregards and raising the national minimum wage. "Management of the transition to work is particularly difficult for many people returning to work and the assistance available appears in some cases not to be sufficient. Although Government has introduced varied incentives to work, and continues to pilot further incentives, people are often not substantially better off in employment than they were on benefits. More rapid and radical progress needs to be made if key Government targets are going to be met" (p.19).

Reviews

Mohammed Sharif, *Work Behavior of the World's Poor: Theory, Evidence and Policy*, Ashgate, Aldershot, 2003, 192 pp, hb, 0 7546 3066 8, £49.95

This book is written by an economist for economists, but it has information that is relevant for anyone concerned with poverty and social justice. The role of this review is to explain the book's importance for those who do not specialize in economics.

Economists have long worked under the assumption that the higher the price of a good, the more suppliers will want to sell. But they are aware that, in the labour market, it is possible that higher wages will actually cause workers to supply less labour. When wages go up, workers find jobs more attractive, but they also have more income and can afford more leisure.

Economists long hypothesized that at low wages labour is unattractive relative to leisure and that workers work less; as wages rise, labour is more attractive making workers want to work more; only at very high wages, when workers have satisfied most of their material wants, do they react to higher wages by working less. They call this relationship a "backward-bending labour supply" because the relationship between wages and the hours of work changes direction. Based on this hypothesis economists have expected to find an inverse relationship between wages and hours worked only at very high wages.

Sharif has found that the hypothesis of a backward-bending labour supply does not fit the data for the work behaviour of the world's poor very well. Because most of the world is very poor, it does not really fit the global labour market. Poor people around the world tend to have this "inverse relationship" even at very low wages: When wages go down the poor work more, when wages go up they work less. Why do you suppose that is? If you want to have some fun reading this review, and perhaps make yourself feel smarter than a generation of economists, stop reading for a moment and try to come up with your own theory of why very poor workers might work more rather than less at lower wages.

Most economists have never conducted research in the world south of the Rio Grande and the Mediterranean, but even those who study less developed countries (LDCs) have had a hard time explaining this inverse relationship. Sharif cites a large number of economists between 1950 and 1980 who describe the behaviour of poor workers in LDCs as "perverse," "lacking

ambition," and displaying a "strong preference for leisure."

But Sharif finds a much simpler explanation for the work behaviour of the world's poor: They are overworked. Most workers in poor countries have no other source of income than their job. If wages are extremely low, they have no choice but to work as many hours as they need to attain subsistence. If you considered that possibility, you have outperformed a generation of economists. Using data from the Indian subcontinent, Sharif finds that this inverse relationship "is observed when the workers are found to engage in unusually long hours—an average of 72 hours a week—in physically exerting jobs." The increased hours of work at very low wages are accompanied by fewer hours of rest and reduced food consumption—signs of economic distress, not of a strong preference for leisure. Sharif's evidence strongly contradicts the idea that workers in LDCs have a strong perverse preference for leisure. Rather than having one bend, the labour supply has two bends in it. The point at which poor workers begin to respond to decreases in wages by working more reveals the point at which they fall into economic distress. The policy implications are clear; workers in less developed countries need something to relieve their economic distress more than they need more work at current wages.

Economists got it wrong partly because they are overwhelmingly from developed countries, where many workers have access to other sources of income and aren't as desperate for work as most of the world's workers. It's very easy to lose sympathy for people when we don't really understand their circumstances, and economists aren't the only ones who need to learn that lesson.

Karl Widerquist

Catherine Hakim, *Models of the Family in Modern Society: Ideals and Realities*, Ashgate, Aldershot, 2003, 282 pp., hb 0 7546 3728 X, £45

In her new book the sociologist Catherine Hakim continues her research into women's choices and opportunities in the labour market and the family through the lens of preference theory, a model of lifestyle choices that puts the heterogeneity of work and family orientations amongst men and women at its heart. More specifically, preference theory takes issue with the assumption that policy should strive for a unified model of the family, which in turn corresponds to a single pattern of gender roles in both the family

and the labour market. According to Hakim, this assumption underscores the lack of support for heterogeneous orientations and divergent family models at both national and European level (e.g. the European Commission's promotion of the Swedish model of the family across Europe), with significant negative effects. Contrary to the imposition of a single ideal model, Hakim argues that policy should reflect the fact that women (and men) fall within one of three broad categories: 1. a life centred on career opportunities, 2. a life centred on family obligations, and 3. a role in which women adapt or compromise at various stages in their life-cycle depending on the options available. Adopting a single framework - even if it is the Swedish, egalitarian one - means that at least some lifestyle choices are discriminated against, and that those women again need to subject their wants and needs to some externally imposed view of what is their proper role in society.

Hakim's general framework has been presented in a number of publications over the past couple of years (see in particular her *Work-Lifestyle Choices in the 21st Century*, OUP: 2000). This book aims to develop further some aspects of the general picture, partially in response to challenges raised by her critics. The book employs survey material pertaining to women's lifestyle choices in Britain and Spain. Britain is considered a country that has been through a number of social and demographic revolutions that characterize a full-blown post-industrial (for want of a better term) society, while Spain due to its turbulent post-War past has experienced some but not others resulting in markedly different markets for female employment. For instance, in Spain part-time employment constitutes but a small share of employment on offer, compared to half the British female workforce occupying a part-time job. Likewise, there are significant differences in how women treat their wages: in Britain a woman's wage forms part of the household budget (in the case of black women, regularly the main part), while in Spain a woman treats her wage as personal money to spend as she wishes. Comparing the survey evidence of both countries, Hakim claims, vindicates her principal claim that in the future previously significant distinctions between gender, class or education level will become less salient ways of predicting behavioural patterns and will be replaced by genuine distinctions in lifestyle choices. In the final analysis, once the black box of a 'work/family orientation' has been opened, it is preferences that determine what choices individuals make with respect to their work and family.

No doubt many sociologists or economists will disagree with Hakim. The fact that life-style preferences matter does not in any way exclude the impact of gender, class or education, and the present study does not offer the sort of empirical evidence that might allow us to decide one way or another. Hakim's research does show that we need to take preferences seriously in a mid-level analysis of women's behavioural patterns, treating it as a social mechanism. What Hakim shows, and shows convincingly it must be said, is that insofar as the three work/family orientations (1. a life centred on career opportunities, 2. a life centred on family obligations, and 3. a role in which women adapt or compromise at various stages in their life-cycle depending on the options available) respond differently to background opportunities and constraints, each ideal also requires a different type of institutional backing. Again, policy-makers must ask themselves whether imposing one family model upon a population with heterogeneous preferences for work and family life, in particular taking into account how countries across Europe diverge in terms of their particular mix of work orientations and related family models. Reading Hakim's book in this light suggests it conveys an argument against convergence of family policy across Europe that fits well with the burgeoning literature by G'sta Esping-Andersen, Paul Pierson and many others about the different policy responses to common pressures.

There are at least two problems with the anti-convergence argument. First, if preference theory is indeed a mid-level theory it only tells us half the story, the other half being about what if anything determines women's preferences. It may be the case that it is not simply political ideology or class or whatever, but Hakim says precious little about what it could be. Until that question is answered many policy-makers might be reluctant to take women's preferences at face value. If we can learn anything from decades of feminist research, it is that domestication is a very real social process with deep impact on the value systems and preference structures of both women and men.

A second point brings us directly to basic income policy. Suppose we adopt Hakim's claim that the heterogeneity of work and family orientations should be the starting point of family policy. What sort of policy mix does this entail? One way of taking this is to adopt a complicated process of many different policies that interact in such a way that hopefully they provide something for each group. The other way, of course, is to adopt a single policy that remains neutral between the different conceptions of the good life.

Basic income supporters have always suggested that basic income was good for women precisely because it actively supports attempts at getting into the labour market as well as subsidizing ways of staying at home. Whether this neutrality is a good thing depends on how basic income interacts with other policies already in place, as well as things such as prevailing cultural norms or ideologies, but in principle at least basic income is as preference-neutral a policy as one is likely to find. If and when Catherine Hakim decides to pursue the policy angle a bit further, taking a decent look at the variety of basic income proposals currently on offer would make a lot of sense. In the mean time, as Hakim's views gain credence within the academic community basic income supporters should definitely be ready to take this research on board.

Jürgen De Wispelaere

Gerry Mooney (ed.), *Work: Personal lives and social policy*, Policy Press, Bristol, 2004, viii + 173pp, pb, 1 86134 520 8, £17.99.

This level 3 Open University text shows, among other things, how modern conditions of work are shaped not only by de-industrialisation and globalisation, but also by welfare policies.

Three main groups of affected people are discussed. First there are welfare claimants, who under workfare programmes may be required to take unsuitable, low paid work which, especially in the case of single mothers, worsens the home-work balance. Second there are the many low paid, usually female, often immigrant workers who provide the front-line care in health and social care. Under 'best value', 'contracting out', and other 'efficiency' regimes, their conditions of work and relative pay have worsened, weakening any loyalty to their employers, impacting negatively not only on their own sense of job satisfaction but also on the quality of care they provide. Third are professionals who work within the welfare state. Under current regimes that aim to render them accountable and to drive up quality by imposing bureaucratically determined targets, these workers may find their professional autonomy undermined, leading to the cynicism and demoralisation that is the everyday talk of, for example, university and school senior common rooms. In addition, of course, there are the low paid workers whose take-home incomes are now augmented by the shift from out-of-work to in-work benefits – but the book does not examine this group.

I was not convinced by one argument made about the third group, professional welfare workers. The book suggests their work has been changed in a way similar to Taylorism in which management identifies each stage of the labour process in order to use fewer skilled workers to perform most of the stages. Classically this is associated with the assembly line. It seems to me, however, that in professions such as medicine and teaching a rather different form of control is going on: doctors and teachers still have relative autonomy within the consulting room or classroom, but are burdened with a million and one extra tasks that have to be done if they are to retain their schools, hospitals and jobs. Alienation escalates: the product is no longer a young pupil's mind enlivened or a hernia patched up, but a paper trail of statistics that get absorbed into league tables and quality assurance documentation. The doctor or teacher literally loses sight of the product of her work, or at least of any product that is valued by the powers-that-be. This is classic Marxist alienation, but it is not Taylorism.

The book's overall message is dismal. In the name of a neo-liberal freeing up of the markets for labour, health, education and care, the consequences are more and more control of workers' lives and hence their families' lives. I share the authors' sense of dismay, which is why they really should have discussed alternative policies, such as CI, designed not to control but to maximise personal liberty. The lack of any mention of CI may derive from the book being about the relation between work and social policy as it now is, rather than about visions of how it might be. This is a pity, as it would surely stimulate students to think what work might look like in a society in which welfare benefits function to emancipate rather than to control.

Tony Walter