

BIRG BIRG BIRG

BULLETIN 14

BASIC INCOME RESEARCH GROUP BULLETIN NO 14 £3.00 FEBRUARY 1992

BIRG

MICHAEL MEACHER AND
PADDY ASHDOWN TALK BI

BIRG

DAVID SMITH ON
COMMUNICATION TECHNIQUES

BIRG

SYLKE NISSEN ON JOBS

MICHAEL NELSON AND
ANNE-MARIE MAYER ON FOOD

MALCOLM TORRY ON
WILLIAM TEMPLE AND
WILLIAM BEVERIDGE

JEAN-YVES DUCLOS ON BI
AND THE UK LABOUR MARKET

BIRG

BASIC INCOME DEFINED

A Basic Income scheme would phase out as many reliefs and allowances against personal income tax, and as many existing state-financed cash benefits as practicable; and would replace them with a Basic Income (BI) paid automatically to each and every man, woman and child. Basic Income would enhance individual freedom, and would help to prevent poverty, to end the poverty and unemployment traps, to reduce unemployment and to create a less divided society.

BASIC INCOME RESEARCH GROUP (BIRG)

BIRG was set up in 1984 under the auspices of the National Council for Voluntary Organisations (NCVO), to research all aspects of reform along the lines of a basic income. The association with NCVO continued until 1987, when BIRG became independent. In 1986 BIRG affiliated to the BASIC INCOME EUROPEAN NETWORK (BIEN), which it helped to found. In 1989 BIRG became a registered charity (No 328198).

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FURTHER INFORMATION

Details of publications and activities available from:
BIRG, 102 Pepys Road, London SE14 5SG
Telephone 071-639 9838

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Editorial

Half-century of the Beveridge Report

This year marks the fiftieth anniversary of the Beveridge Report¹, regarded by many as foundation stone of the modern welfare state. On publication Beveridge's proposals were greeted with enthusiasm by a nation eager to ensure that military victory would this time be followed by victory over Beveridge's five giants: Want, Disease, Ignorance, Squalor and Idleness.

During 1992 much lip service will doubtless be paid to the successes of Britain's welfare state and Beveridge's role in it. But with unemployment edging towards 3 million (SEE Phillip Riley in VIEWPOINT), a quarter of the nation's children on means-tested assistance, homeless people trudging the streets, squalor in the public services, and usury the main growth industry — the issue should be to find out what went wrong.

The Beveridge Plan was first and foremost a plan of insurance — *of giving in return for contributions benefits up to subsistence level, as of right and without means test, so that individuals may build freely upon it.*² So what did go wrong, and is there an alternative?

Born in 1879, Beveridge was nurtured on Victorian values (SEE Malcolm Torry in this Bulletin). By 1942 he was 63 years old and a pillar of the Establishment, which makes it unsurprising that he sought to rationalise past provisions rather than create new ones. The job he did was remarkable, yet the assumptions upon which he based his case do not withstand close scrutiny — especially with the benefit of hindsight.

His starting point was the assumption that virtually all poverty is due to loss or interruption of earnings, or the presence of children — from which he concluded that poverty can be prevented by paying insurance benefits to workers when they are out of work or retired, and by paying allowances for children whether the parents are in or out of work. He ignored poverty due to low pay, single parenthood or divorce, nor (unsurprisingly) did he foresee the tax-induced poverty that would become endemic by the 1970s.

Social insurance, he nevertheless warned, cannot succeed without full employment, since the only test of unemployment is the offer of a job. So he made full employment (defined as *more jobs than idle men*)³ a central assumption of his Plan, and for several decades successive governments did try to maintain it. Now they have given up, yet they still persist with a social security system which, according to its original author, is inoperable without it.

Here there is a paradox. Social insurance requires full employment but adds to unemployment. It adds to unemployment in three ways:

1. *The payroll taxes (euphemistically called social insurance contributions) by which it is financed*, increase the price of insured labour relative to machinery; to uninsured labour in third-world countries; and to uninsured part-time labour (mainly

women) in the so-called welfare states; resulting in fewer job opportunities for insured workers (mainly men).

2. *Unemployment benefit acts as a floor for wages*, since few people willingly work for less than they can get on the dole. In the UK this problem is compounded by a tax system that takes little or no account of ability to pay. Unemployed people who compare their dole money with take-home pay (after income tax, NI contribution, poll tax, superannuation and travel-to-work costs) from a job offer are shocked to find that work is not worthwhile.
3. *Signing on and off is too cumbersome a process for today's labour market*. Beveridge assumed it would be a rare event, but this is no longer so. Signing on and off makes a difficult situation worse. It assumes a labour market that has ceased to exist. For people at the edges of the labour market today's new 'jobs' come with a knock on the door, and are seldom worth signing off for.⁴

Any insurance system, public or private, is a system of exclusion. In Europe social insurance has come to resemble a rich man's club to which some women are admitted. In the UK, more than forty years after introduction of national insurance, about a tenth of men and a third of women reach retirement age without even the basic state pension. Putting family first has become the surest route to poverty in old age.

To qualify for national insurance benefit claimants must have paid the requisite number of contributions and be out of work but available for work, out of work and unfit to work, or above retirement age. Claiming and earning is an offence. People who top up their pitifully low benefits through earned income (but not unearned income) risk prosecution. Since 1989, UK pensioners can add to their pensions through paid work, but for young people claiming and studying⁵ remains an offence. Even voluntary work is frowned upon.

Because those in greatest need are also those most likely to be excluded from social insurance benefits, a supplementary system of social assistance (or minimum income) is essential. Beveridge called it National Assistance. The difficulty is to reach all those in need without destroying self reliance, and without encouraging others to re-arrange their affairs in order to qualify.

Beveridge's National Assistance was intended to be a small-scale affair, but instead it grew like Topsy, and today's equivalent goes to over 4 million families. In order to qualify claimants must be out of work and their weekly income (including the income of spouse or partner) must be below a prescribed amount. Once on benefit, earnings above £5 a week are deducted £ for £ from the benefit amounts — with the worst possible effects on incentives. No allowance is made for the costs of child care. Even gifts must be declared. *This is poverty creation.*

By comparison with social insurance and social assistance, BI is like a breath of fresh air:

*For every citizen the inalienable right
Regardless of age, sex, labour-market or marital status
To a small but guaranteed, tax-free income
With no strings attached.*

If BI were introduced in the UK, it would replace existing income tax allowances and reliefs, would be deducted

from existing benefit entitlements, and would be withdrawn from those who did not need it through an integrated income tax. This year transitional BIs of £12-£13 a week for adults and £10-£11 a week for children would be revenue neutral, assuming abolition of all the personal income tax allowances, no change to the rate of income tax and the first £20-£25 a week of earned income tax free.

With BI comes the right to earn, study or train without losing benefit ... and the right not to earn. With BI also comes the right to live with whomsoever you choose (man or woman) without forfeiting benefit. *This is freedom.*

And now a challenge! Soon the British electorate will go to the polls for the most hotly contested general election in decades — giving readers of this Bulletin a splendid opportunity to spread the message of Basic Income. Already the Liberal Democrats are committed to BI (SEE Paddy Ashdown in this Bulletin), as are the Greens. Many Tories are keenly interested (SEE David Howell in Bulletin No. 9). So far the Parliamentary Labour Party is opposed (SEE Michael Meacher in this Bulletin), but other influences are at work about which we shall tell more in due course. You could strengthen them.

Why not resolve *to talk BI* whenever and wherever you can — at work, at home, in pub or club, or even at the bus stop (plenty of time there)?

Ring Malcolm Torry on 071-639 9838 for advice. Ask for BIRG's new video (see Books and Papers Received). Ask also for BIRG's new *ASPECTS OF BASIC INCOME*, available free of charge.

Write to the press. Get signatures and write to your Parliamentary candidates (they'll be extra friendly right now). Phone up a phone-in programme. Canvass. You'll be surprised how people take to BI when the issues are explained. Some will be doubtful about paying people *for doing nothing*. They'll say it would encourage idleness. Ask them which they think is more likely to encourage idleness: the existing system, which restricts benefit to those who do nothing — or a BI system which goes to those who work as well.

Beware, however, of over-stating your case. *Want*, wrote Beveridge, *is one only of five giants on the road of reconstruction and in some ways the easiest to attack.*⁶

Replacement (gradually) of most existing benefits by a BI would help defeat Want and Idleness — by doing away with payroll taxes, and by removing the red tape which excludes literally millions of people from the work force. With careful planning BI could get long-term unemployment back to 1950s levels. To defeat Disease, Ignorance and Squalor is more difficult and will require (among other things) increased public expenditure. So when doing your sums, please don't pre-empt all available revenue for the BIs. Leave sufficient for health, education and housing.

Notes and references

1. Sir William Beveridge, *Social Insurance and Allied Services (The Beveridge Report)*, Cmd 6404, HMSO November 1942.
2. *Op cit*, para 10.
3. Beveridge seems to have been oblivious to the changing role of women. See Hermione Parker, *Instead of the Dole*, Routledge 1989, Chapter 2.
4. Bill Jordan, *Trapped in Poverty?*, Routledge 1991. SEE BOOKS RECEIVED.
5. For more than 21 hours, including homework.
6. *Op cit*, para 8.

What the politicians say

Michael Meacher
Paddy Ashdown

At BIRG's 1991 annual conference in Toynbee Hall, Michael Meacher (Labour's shadow Secretary of State for Social Security) and Paddy Ashdown (Leader of Britain's Liberal Democrats) gave their views regarding Basic Income (BI). Here they set out the positions of their respective political parties. Paddy Ashdown uses the Liberal-Democrat term Citizen's Income (CI) in a way that makes it synonymous with Basic Income.

MICHAEL MEACHER MP

A social security system has two purposes:

- To enable individuals to meet their own needs and those of their families, in times when they cannot earn.
- To ensure that even the poorest are not denied access to what society regards as the basic necessities of life.

Labour is sceptical about BI. In our view it is too cumbersome to fulfil the insurance function, yet too frail to support the burden of the second, redistributive purpose. This is not to deny that the idea has attractions. In a democracy where all are equal citizens, full participation in the life of the community should not be limited — as it now is in practice — by gross inequalities in incomes. BI, say its proponents, would avoid the stigma of means testing, which cannot be operated without creating a poverty trap. More practically, it could reduce bureaucracy, simplify the maze of benefits which confuse and frustrate those entitled to them, and save several thousands of millions of £s a year in administration.

A full BI is too costly

The problem with a full BI scheme is its cost. To lift people off all existing benefits, the BI would need to be about £75 a week for each adult. Even at this level, it would not be sufficient for some low-income families with high housing costs, nor for some disabled people. So there would still have to be a social security system to top up the BI. Yet to finance such a BI would require a marginal tax rate on all other income of between 70 and 80 per cent.

A partial BI produces losers at the bottom

A partial BI may seem more practical. An adult rate of £31 a week (half the rate of Income Support¹ for a married couple) would cost about £65,000 million annually. It could be paid for by abolishing income tax personal

allowances, mortgage interest tax relief and existing social security benefits, saving £27,000 million, £7,500 million and £30,000 million a year respectively.

We would still need a means-tested housing benefit scheme, and an emergency payments scheme to replace the Social Fund.

Major disadvantages would be the increase in income tax for those on low incomes, consequent on the abolition of tax allowances; and the losses to those on the more generous means-tested benefits through the redistribution of the social security budget.

The smaller the BI, the less useful it is

The lower the level of BI proposed, the less effective it becomes. A recent Liberal Democrat plan for a *community benefit* proposed a citizenship income of £10.30 a week at 1989 prices. This would have to be supplemented with a low-income benefit, returning us to the whole panoply of selective and almost certainly means-tested benefits.

Political realities

Political reality is that no party could both support the increase in taxation required to fund a significant BI and be electable. The flaw in any proposal for BI is that whatever level of expenditure is proposed, more could be done for those on low incomes if the expenditure were concentrated on them, instead of being distributed to all. That may sound like a Tory argument for targeting benefits, and the reverse of the universalism which Labour has traditionally supported. But a closer look reveals that this is not the case.

The Tories have not targeted need. Instead they have sought to minimise spending, and to use the benefits system for social control, by making benefits conditional on certain kinds of behaviour. Labour, by contrast, will seek to ensure that those in greatest need benefit, without the stigma of means testing.

Labour's policies for the 1990s

We will strengthen the universal benefits which are efficient in meeting need, for instance, child benefit and the state retirement pension. And we could move to paying specific benefits, based on specific conditions, not income. We will return child benefit to its 1987 level, that is to say the equivalent of £9.95 for each child next April, and we will pay an extra £5 a week to single pensioners (£8 for couples). Most importantly, we will uprate the basic state retirement pension in line with whichever is the higher of increases in prices or increases in average earnings.

This basic pension would still not be enough. So we will reinvigorate the State Earnings Related Pension Scheme (SERPS), by opening it up to part-time workers, and those with non-continuous contribution records, to enable them to earn a further pension. The average value of a SERPS pension to someone retiring in 1991-92 is £40 a week. With a basic pension of £54, and the proposed £5 increase as well, this would be £99 a week, which is about one-third of national average earnings.

Getting rid of means tests

Contingent benefits would not be means tested, but available to those who fulfilled the social (or in appropriate cases medical) criteria for payment of benefit. The tax system would be used to limit the value of benefits to the better off. Contingencies covered by National Insurance (NI) would include, as now, unemployment, sickness and widowhood. Non-contributory contingency payments would include attendance and mobility allowances.

Gaps in the coverage of the NI scheme must be filled. Labour proposes, for example, that earnings below the present NI threshold² should be credited towards NI benefits; and that carers should be credited with NI contributions and should be eligible for unemployment benefit when their caring period ends.

A disability income

The biggest gap is for those with disabilities and their carers. We therefore intend to move to a comprehensive disability income, and a payment for carers at least at the level of NI benefits.

Benefit rates too low

The other gap is that benefit levels, viewed historically or by comparison with those in other countries of the European community, are too low. National Insurance benefits have been below the level of means-tested National Assistance (and its successors Supplementary Benefit and Income Support) since 1948, requiring a permanent 'top-up'. Labour maintains that National Insurance benefits should be at, or even slightly above, the Income Support level, thereby cutting back on means testing and bureaucracy.

Passivity versus empowerment

For Labour, the burden of creating a more equal society cannot be placed on a single policy, however much we continue to believe in the redistribution of wealth. A flaw in any BI scheme is that it could become a payment for passivity. Labour's social policies are all directed towards creating greater equality, by empowering people to earn well. For example:

- The national minimum wage will reduce the need for schemes like family credit, which subsidises employers.
- Widening education and training will enhance people's earning abilities, and fit them for a changing world of employment.
- Providing child care facilities will enable mothers, including lone parents, to participate in the labour market.
- Ending discrimination will help people with disabilities to enter the labour market.
- Giving greater priority to health promotion and health and safety at work will reduce the incidence of illness and industrial injury.

Within the resources available, Labour's social security reforms will go with the grain of policies intended to help people to greater independence, and to reduce social division.

PADDY ASHDOWN MP

During the last century we have come to accept that one of the hallmarks of a prosperous and civilised society is to be able to guarantee not only good education and good health care to its citizens, but also an adequate system of financial support for those in need. This was what Beveridge set out to do in his famous Report, which was founded on the idea that every able-bodied man of working age would have a full-time job at a wage sufficient to support a family, and that the vast majority of married women would be housewives without paid employment.

The need for change

I do not under-estimate the importance of the reforms that followed the Beveridge Report. They were great liberal reforms, essential to the mood and ambitions of the post-war world. But that world has now changed. In the new industrial world of the 1990s and beyond, fewer men have full-time jobs, most married women are employed (mainly in part-time work), wages are far more variable, and the balance between the working and retired populations has altered massively. Also, poverty has grown and inequalities have widened.

Britain's national insurance system cannot cope with this situation. It has reached the end of a noble life and is going to have to be replaced.

But not through 'targeting'

Unfortunately, the response of the Conservative government has not been to update our national insurance system, but to undermine it. Far more use has been made of 'targeted' (ie means-tested) benefits, such as income support, family credit and housing benefit. Significantly, while much has been made by the Conservatives of the need to improve incentives at the top end of the income scale, nothing has been done to remove the growing disincentives at the bottom.

This increased emphasis on targeting has produced untold complexity and delays. Many potential claimants have been put off by the form filling and complexity. Despite all the information that flows around the system, targeting has frequently reached less than 70% of those it is supposed to help. Perhaps worst of all, targeting adds to the poverty trap, as benefits are withdrawn and taxes charged at rates which provide clear disincentives to seek employment.

Our economy cannot afford to have large numbers of people with no incentive to earn more, and none to save either. Additionally, the existing social security system cannot respond to the growth in part-time work. For those on income support, part-time work is useless, because their earnings are confiscated £ for £. And the wives of unemployed men face the same problem.

Citizen's Income

The Conservatives have made the existing system worse by tinkering with it. What was once the pride of the civilised world has become a bureaucratic nightmare, administered at great public expense in squalid premises,

failing the poor, damaging the economy and robbing the millions who receive it of their dignity.

Instead, a radical re-think is required. I believe that Britain should now move towards an entirely new structure of income security, which would give every citizen an unconditional Basic or Citizen's Income, related only to age and received irrespective of work or marital status. My party calls it Citizen's Income (CI), but what we propose is no different to Basic Income as defined by BIRG. My argument is that CI is the best form of targeting, because it goes directly to where it is needed, moreover the tax system that finances it is based on the sensible principle of ability to pay.

Advantages of Citizen's Income

Let me list some of CI's advantages:

- **An income floor for everyone.** CI establishes a minimum income below which no one will fall — a basic entitlement for each citizen, as of right. This is far preferable, as will be shown, to Labour's policy for a minimum wage.
- **Increased incentives and flexibility** CI offers what Sam Brittan calls the *ladder of opportunity*, by ending disincentives to seek employment or to accept employment that has a greater risk element. CI creates the flexible employment system that will become a key ingredient for success in the 'third-wave', advanced industrial countries which will emerge in this decade. Britain's inflexible and complex welfare system is one of the chief rigidities in our economy. This rigidity must be removed, and CI is the way to remove it.
- **Sex and marriage neutrality.** CI ends the discrimination against women and against part-time employees that besets our existing system. CI provides a modest weekly income for those who do unpaid work, and creates more opportunities for part-time employment.
- **Poverty prevention.** Instead of just ameliorating poverty, through a series of *post-hoc* adjustments, CI helps to prevent it, by giving everyone a chance to climb out of the poverty trap.
- **An end to stigma.** CI takes away the stigma of claiming, and the discrimination of welfare benefits. Visit any Social Security office and you will see how stigma demotivates claimants and staff alike, and how discrimination demeans the individual.
- **Simplicity.** CI is simple! It brings out into the open all the current complexities of tax rates, benefit structures and tax allowances. It frees up pay determination from the clutter of social obligation and social engineering, and leaves pay to be fixed solely on the basis of value for labour. Above all, it is easy for everyone to understand.

Arguments against BI

Three main arguments are used against BI. First, that it is a handout, which goes to the undeserving as well as

the deserving. Second, that it would encourage employers to pay poverty wages. And third, that it is an utopian, unaffordable option.

(1) A hand out?

The concept of a universal benefit is not new. It is, after all, already part of our system as child benefit. My suggestion is merely that we extend this to apply to all citizens. There has, of course, been a long-running campaign to end the universal nature of child benefit, but Mr Major has indicated his support for it by uprating it in the post-Thatcher euphoria. Yet opinion in the Tory Party could easily switch back.

Why is it such a subversive idea to suggest that the principle of universality should be spread to income maintenance as a whole? After all, treating entitlements as universal, not targeted, is exactly what we have traditionally done with health and education. It is calculated that the value of free health and education amounts to an average of £1,400 per adult citizen per year. CI at the start may not be worth so much, but what is the issue of principle?

This is a radical proposal, but one that is entirely consistent with the notion that we are each of us full citizens, with rights, responsibilities and entitlements. It is in that sense that the CI is a dividend from the nation, paid to every citizen, not on the basis of their need, but in recognition of their entitlements.

(2) A licence for poverty wages?

It is alleged, particularly by socialists, that CI would be a licence for employers to pay poverty wages. Labour's policy for a minimum wage is not the answer. Either it would have to be set so high that the consequential demand for other wages to rise (to maintain differentials) would price many jobs out of the market — or it would be too low to make any difference to most workers, especially men.

We must do all we can to ensure that the British labour market is made more flexible. We must open up new employment patterns and opportunities, not close them off. A minimum wage, by determining an arbitrary fixed limit below which jobs are not allowed to exist, would introduce a new rigidity into the labour market, at the very time when we should be freeing it up.

There are two things we must do at once, without even waiting to introduce a CI. The first is to make a determined effort to implement equal pay for women. The second is to increase the resources of wages councils, to enable them to enforce their rulings where hourly rates in occupations like catering and retailing (especially for part-time workers) are too low, and to restore their powers in respect of juveniles as well as adults. Then we shall have the context for partial BIs, which will prevent employers from exploiting the situation — by offering unreasonably low wages — without any need for an across-the-board, national minimum wage.

(3) Too expensive?

How much will it all cost? Let me admit at once that a full CI, which met all the subsistence needs of every adult (including housing) would currently require all other

income to be taxed at an unacceptable level. So I unashamedly propose a gradualist approach. In order to avoid sudden changes in incomes and incentives, a partial CI could be introduced, gradually replacing both tax allowances and many social security benefits. My party, in our policy paper *Common Benefit*³, has suggested an initial CI which at 1991 prices would be £12.30 a week for each person aged between 16 and 65, and £11.30 a week for each child under 16 years. This scheme could be made operative in a few years' time.

CIs for pensioners and people with disabilities

Meanwhile, we would immediately pay pensions to everyone aged 65 or over, and to all invalids, regardless of their national insurance contribution records, but preserving the contributory rights of married women to their own pensions. We would increase pensions to £57.50 a week for single pensioners and to £90 a week for couples (at 1991 prices), with supplements for all over age 75 and 80. All pensioners who now rely on income support as well as those who receive the basic state pension would be better off, and means testing would cease for everyone aged over 65, except those who continue to need housing benefit.

Children

We would also increase child benefit by £1 a week at once, and make further increase towards the CI for children as soon as economic conditions allowed.

Low-Income Benefit (LIB)

CIs cannot be made large enough for subsistence for people aged under 65, so income-tested benefits would have to remain alongside the CIs, especially for low-income families with children. Income support and family credit would be integrated into a new *Low-Income Benefit (LIB)*, paid at £31.65 a week for single people and £54.25 for couples, with premiums for children and lone parents (as at present). The maximum LIB would be slightly less than present benefits, because it would be complementary to CI.

If, as we expect, the initial stage of CI is well accepted, we would proceed after a few years to a larger CI of about £30 a week for each adult. This would still be insufficient for subsistence, but it would reduce dependence on the LIB, the savings from which would help to offset the greater costs of the larger CIs.

Cost

The immediate improvements in pensions and child benefit would cost about £2,000 million and £1,000 million a year respectively. CI at £12.30 a week, and the associated LIB, would cost a further £2,000-£3,000 million, if the combined rate of income tax (25%) plus national insurance contribution (9%) remained at 34%. These costs would be met by:

- Charging income tax at 34% on *all* income above £24 a week, although pensioners would continue to pay tax at 25%.

- Abolishing the upper earnings limit for employees' national insurance contributions.
- Increasing the rate of income tax to 50% on incomes over about £50,000 a year.
- Phasing out the married couple's income tax allowance.

Income redistribution from rich to poor

Single people in work and single-earner married couples would receive about the same net income as now, because their CIs would compensate almost exactly for the new, lower, income tax threshold. The chief gainers, in addition to pensioners, would be couples on income support, lone parents without earnings and the single unemployed. Also, those entitled to family credit because of their low earnings, would typically be about £10 a week better off.

The replacement of married couple's allowance by the CIs would result in a shift of resources from two-earner couples to one-earner couples. However, two-earner couples with children would have this loss at least partially compensated by increased child benefit and tax-free child-care vouchers.

The overall result of the new system would be that families would receive greatest help when they needed it most, in return for some reduction in net incomes at times when both husband and wife were in paid work and had no children to care for.

A reform whose time has come

If as much money were put into CI as Labour need for their programme — which includes trying to shore up the present, Beveridge-derived social security system — the potential for preventing poverty and tackling unemployment would be even larger. I therefore conclude that fundamental reform of our social security and taxation systems cannot be long delayed.

- Our economy demands reform
- The rise in poverty demands reform
- Individual citizens demand reform

I agree with Hermione Parker, who wrote recently that *the critical issues are ethical (and political), not technical at all*.⁴

It is at that level that the argument for reform needs to be won. Liberal Democrats have answered the call. Whether alone or in partnership, we shall ensure that reform is delivered. A Citizen's Income is a reform whose time has come.

Notes and references

1. Income support is Britain's (means-tested) safety net for people who are not in paid work.
 2. National insurance contributions are not payable on earnings below £52 a week, or above £390 a week (1991-92 figures).
 3. Social & Liberal Democrats, *Common Benefit*, Federal Green Paper No. 11, December 1989.
 4. H. Parker, *Instead of the Dole: An Enquiry into Integration of the Tax and Benefit Systems*, Routledge 1989, page 6.
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Communicating Basic Income

David Smith

As a result of BIRG's work, other groups, including Age Concern, are interested in the principle of Basic Income (BI) as a way of improving the position of those members of the community they seek to represent. In order to build up an understanding of what the general population know and think about BI, and to help identify the most appropriate ways of presenting and developing the BI concept, a decision was taken to conduct a small-scale study of qualitative research. Research of the opinion poll variety was considered inappropriate, on the grounds that current awareness of BI is too low. Instead it was decided to organise a pilot project, in the form of four group discussions, and to focus mainly on awareness of the BI concept. The discussions, which took place in Spring 1991, were planned, carried out and analysed by D.V.L. Smith & Associates of Epping, Essex.

Objectives of the study

On a concept like BI, some people are bound to have views based on an ideological or philosophical stance about the kind of society they would like to live in, and it is unlikely that a 'public education' approach to discussion would alter the opinions of those holding more trenchant positions. Nevertheless, there will also be many for whom the BI concept is a new and potentially attractive concept, and it is clearly legitimate for BI supporters to present their case in the best way possible, so that individuals can take up a position based on an informed understanding of the issues.

The objectives of the research were as follows:

- To find out how much people know about existing benefits systems, in the UK and overseas
- To check levels of awareness about Basic Income and Partial Basic Income
- To explore overall reactions to BI, by identifying the areas respondents found difficult to understand or problematic, either because of the way BI was first explained or because they were unsure how the concept might be implemented
- To identify the most appropriate ways in which the issues and concepts underpinning BI might be presented and explained; and to identify barriers that need to be overcome in getting the concept across.

Research method

Clearly it is not possible to carry out a complete evaluation of a concept like BI through four discussion groups. So it was important to try and include as many different angles and perspectives as possible within the groups. It must, however, be acknowledged that there were gaps

in the research: for example, the views of ethnic minorities are not included in the study.

Two group discussions were conducted in Hampshire, one in Stourbridge (near Birmingham) and a fourth in Newcastle upon Tyne. One group was exclusively male, one was exclusively female, and the other two were mixed. In one group the age range was 25-45 years, in the other groups it was 45-70 years. Socio-economic groups B, C1, C2, D and E were represented, and the discussions took place between 18th and 27th February 1991.

Adapting the message for the general audience

The research suggested a number of steps that would be helpful in beginning to communicate the BI concept to a wider audience. The first step concerns adapting the message for a lay audience.

Until now, BIRG's communications and discussions appear to have been aimed at a professional audience. Many of its communications start well down the road in advancing detailed points, with comparatively little debate or discussion of wider principles and concepts. Our research study showed awareness of the BI principle amongst the general public to be low, notwithstanding the point the debate may have reached amongst professionals in different countries. In addition, awareness was low even amongst otherwise quite knowledgeable, higher socio-economic group respondents. (It should be added, however, that few respondents taking part in this research study understood the existing system of pensions and benefits either).

There is obviously considerable work still to be done in explaining BI.

When introducing people to BI for the first time, one problem is to decide what degree of detail the communication should go into, in order to underpin the concept by providing specifics about funding, and so on. This represents BIRG's first challenge — getting the balance right between explaining the concept and the detail. The research suggests that BIRG needs to produce publications and communications intended for the general public that assume no prior understanding of the underlying concepts and issues.

Modes of thinking

The second consideration when shaping a public communications programme arises from the research finding that certain individuals were quicker to understand the Basic and Partial Basic Income concepts than others. The reasons for this are quite complex. In some cases there was a straightforward comprehension problem, with some individuals better able to understand and assimilate new ideas than others. In other cases, problems emerged when people found it difficult to take on board the principles of Basic or Partial Basic Income because they were trying to understand them in the context of how they might work in practice — and some of these practical considerations got in the way of their initial absorption of the concept.

Nor do BIRG's problems end here. It was clear from the research that, irrespective of different intellectual levels, there exists in the population two fundamental modes of thinking, which affect the ways in which BI might be disseminated:

- **Binary thinkers.** First, there are what we might term *binary* thinkers, that is to say individuals who tend to review issues in fairly black/white, win/lose terms; and in attempting to absorb the information about BI immediately try to understand it in terms of *What's in it for me? Will I gain? Will I lose?* and so on.

- **Ternary thinkers.** In contrast, there are *ternary* thinkers, meaning individuals who, when assimilating new concepts, are better able to look at an issue from different angles and perspectives, rather than thinking only of the way it impinges on them. These people do not just translate issues into their own world, but are quick to review the implications of those issues for the community at large.

To some extent binary and ternary modes of thinking are related to intellectual levels, but it is not a simple relationship. On balance ternary thinkers will be intellectually able, but there will be plenty of examples of binary thinking amongst those from the higher intellectual echelons.

Related to the above point, certain individuals will take up an ideological position for or against BI, without closely inspecting the merits of the case. Of course, blind prejudice will be a difficult hurdle for BIRG to overcome in taking their case to the community. But there are opportunities, through appropriately worded and structured communications, to win the day amongst those more ternary-orientated individuals who are more susceptible to a well presented argument. Presumably this group will be the target of the initial communications campaign.

Overcoming specific objections

The research also revealed a number of issues on which BIRG must concentrate its efforts, if it is to overcome perceived objections within the community. Clearly this needs to be tackled at two levels:

- **Substantive points.** Some of the comments and criticisms are substantive, and BIRG will have to decide whether — in operational and practical terms — anything can be done to accommodate them.

- **Presentation.** A main focus of our research was to find out how best to address known objections in different communications. In the discussion groups, the following issues attracted fairly widespread comment right across the socio-economic spectrum. It therefore seems clear that these are the issues that require close attention in the preparation of future communications:

- How will Basic Income be paid for?
- Will people be motivated to work?
- Why should everybody receive a payment?
- Who will qualify?
- Who will lose? (for binary thinkers)
- How will the community benefit? (for ternary thinkers)

Know your audience

One of the golden rules of communication is to know your audience. In the case of BI this is problematic, because of the particular needs of niches within the population. In our small-scale, group discussions it was difficult to pick up any fine differences between the groups included, beyond highlighting the differences between men and women. Women tended to be slightly more in favour of BI than men, but we picked up comparatively little variation by socio-economic group.

As the BIRG programme develops, being able to tailor messages to particular groups (to overcome their objections and difficulties) will become increasingly important. This is something that Age Concern or BIRG will need to address in the development of further research aimed at particular groups. For example, we have already mentioned the fact that ethnic minorities were not included in this research. However, in tailoring the message to different audiences, BIRG should remember that current awareness of the BI concept, and of the fundamental issues related to it, is low.

Without question, the emphasis in the early stages of the public education programme should focus on concept and principle, with the minimum of detail necessary to communicate the concept and give the issues credibility. At this stage, too much detail will tend to confuse and overwhelm. Later on, as the public communications programme develops, more and more detail can be added, to cater for particular needs and niches, including the best way of developing a dialogue with opinion formers in the community.

Managing change

The research showed that some of the resistance to BI is based on a certain uncomfortableness, and in some cases resistance, that people feel towards any change to the *status quo*, even though they may vaguely support the concept, or even stand to gain from its introduction.

Given this, BIRG would do well to bear in mind some of the basic tenets for the management of change.

- **Include a transitional period.** In presenting a system that involves changes from existing procedures, it is always helpful to stress the idea of a transitional period. This reassures individuals that the switch to the new system will be carefully controlled, and that they will not be jumping out of the frying pan into the fire. Plans for a phased transition need to be highlighted in all communications.

- **Emphasise continuity.** Related to the above, it is often helpful to think in terms of *connections and alternatives*. The ideal communication would provide for the more conservative individuals, who do not want change, *connections with the past*, so that they can see how the linkages from the past follow through into the future, while at the same time offering *alternatives for the future* for more radical individuals who are keener on change and development.

Finding a champion

Another concern registered by the discussion group members was the fact that BI does not seem to have a

champion, that is to say they could not see who was driving the idea, or if there was someone who would *make it happen*. The discussion group members did not, of course, use this terminology. They tended to address this issue by raising the question of which political parties supported the BI concept. Nevertheless, the points made here about the need for new ideas to have a visible, credible champion hold.

In sum, it would seem important in communications terms for the BI concept to be endorsed and supported by a well-known body — whether a political party, or a voluntary organisation like Age Concern, or another credible organisation. Clearly this would underpin any communications campaign, give it instant credibility, and send out a message that this is *not a fringe idea*, but one that is in the mainstream of community planning and professional political thinking.

Conclusions

If a communications strategy were developed in accordance with the above principles, this would help BIRG to begin to achieve a critical mass of support which, once rolling, would start to attract wider interest and support.

At this stage, a critical mass clearly does not exist in the wider community, although the concept is stronger in the professional audience. For this reason, in developing the concept, we would not recommend widespread opinion polling to produce percentages for or against it. Opinion polling is inappropriate at this stage because of the low levels of awareness of BI. It would not give a true reading of attitudes towards the potential of BI, but would simply play back the fact that there is currently much ignorance and confusion about it.

Instead, the next stage should be the development of improvements in and enhancements to the literature on BI. For example, BIRG could produce a new leaflet to accommodate the comments made above.

David Smith is a Director of D.V.L. Smith & Associates, an agency specialising in business and social research. He holds a PhD in industrial psychology from the University of London, and lectures part-time at the London School of Economics.

The jobs dilemma: Ecological versus economic issues

Sylke Nissen

Throughout Eastern Europe developments following the collapse of the iron curtain reached a peak with German re-unification on 3rd October, 1990. Unfortunately the process of democratisation has been accompanied by severe economic and labour-market problems. After a difficult first year, Germany (with its now 79 million inhabitants) faces a split economy. While the rate of unemployment in what used to be West Germany is falling below 6 per cent, the number of unemployed in Germany's five new federal states is still going up. After the first phase of cuts in excess productive capacity, more than 1 million people (12 per cent of the East German labour force) lost their jobs and registered as unemployed. Another 1.5 million are working short time. As further plant closures become necessary (for ecological as well as economic reasons), no substantial improvement is expected in the short term.

Following the breakdown of the socialist systems, citizens of the former centrally-planned economies have lost many of the securities they previously took for granted. One such is job security. Almost everybody of working age enjoyed a guaranteed life-time job. And that was only the beginning. Along with the job went a whole collection of benefits beyond those usually found in West European countries. In the German Democratic Republic, for instance, being employed also meant free childcare during working hours, free health care for the whole family, repairs and other services for the home, holiday accommodation, and specially organised leisure pursuits.¹ These and other amenities were features of a society organised around the job. Job dependency in general, plus particular ties to particular jobs, was to be found in Poland, Czechoslovakia and Hungary as well as East Germany.

The basis for these relationships has now gone. The sudden abolition of the familiar, work-related guarantees is becoming especially hard for those who used to work in the centres of socialist industry, for example in the monocultures of brown-coal strip mining, the chemical industries and steelworks. People working in those industries used to be offered special grants and advantages, in order to promote the development of key areas of the socialist economies.

Alongside the socio-economic problems of reconstruction come daily reports of ecological catastrophes. Information on and discussion about environmental pollution is a very recent phenomenon in Eastern Europe, since according to official propaganda pollution is unthinkable in a socialist state. Socialism and environmental protection were said to go hand in hand — pollution having originated from capitalist exploitation of man and nature.²

Today's alarming figures on the damage done to air, water and soil illustrate some of the severest consequences of decades under the socialist 'tonnage' ideology, and the enormous efforts made to become self supporting. Superannuated technologies alongside 1930s-style equipment have inflicted incomparable damage on people and the environment — especially people living in the industrial areas, who used to be financially better off than their compatriots, but now cannot avoid inhaling uncontrolled quantities of sulphuric, brown-coal stack gas, and the chemical vapours of mercury.³

An unholy alliance between workers and industry

What should be done? Surely no time should be wasted in a situation where immediate and substantial improvements to the environment are absolutely necessary. The best way to plug the worst sources of pollution is through administrative injunctions on production, and the total shut-down of certain firms. If that were to happen, the environment would improve and people too could start recovering. On the other hand, without brown-coal mining there is no work for the miners; without work there is no money; and without money ... In times of economic tension, public support for plant closures, especially in the areas affected, is more than questionable.

Any politician needing to take a decision on environmental policies might find himself (or herself) in the tight squeeze of an unfamiliar situation. Immediate improvements concerning the environment are expected by an increasing proportion of the public. But the workers whose jobs are at risk fear and reject any such decisions. Moreover if 'their' plant were closed for environmental reasons, they would quickly know whom to blame. The politicians, not the 'boss', would be seen as having caused their unemployment; and once having pinned the blame on the politicians, those at risk of unemployment (and their families) would have a target for action. This could take the form of rising public discontent, or switching party allegiance at the next election — the latter a totally new experience for politicians in the new democracies. Faced with consequences like these, no politician feels secure, which explains why job preservation gets higher priority than the environment.

Political problems need political solutions

We know the vicious circle that exists between job security and ecological modernisation from the experiences of the Western industrialised states. Although a lot of progress has been made in recent years, obviously not every entrepreneur in the market economies keeps to the path of ecological virtue. Maybe there is truth in the prediction (popular with social democrats and trade unionists) that in the long term the only safe jobs are the 'eco-friendly' jobs. But in the short term, as soon as a firm is urged to start making its production processes eco-friendly, the threat to jobs argument is used to knock further progress on the head.

This dilemma between job security and urgently needed

environmental protection comes to a head as soon as an entrepreneur realises that new government regulations will damage his firm's profitability. Political paralysis sets in as no politician dares risk being blamed for increased unemployment.

The dilemma is not new. Similar pressures have been experienced in the West, and the East will not be greatly different. The point is that it is a political problem, requiring a political solution. And in my view it should be solved through social policy.

When a polluting plant is closed down, all the workers who have lost their jobs should be financially protected. What we need are social and political buffers, in the form of generous compensation for job losses that are politically caused, but individually experienced. The closure of a polluting firm should not be allowed to result in the ruination of the workers. If it were possible to separate what has to be done from its perceived consequences, it would be easier for the politicians to intervene on environmental issues (by closing down the polluting firms) in both East and West.

Could Basic Income be the key to an eco-social policy?

Several options exist for an eco-social policy, for instance.

- Substitute workplaces
- Special redundancy payments ('Sozialplan' in German) for workers who lose their jobs for ecological reasons
- Financial compensation in the form of a guaranteed Basic Income (BI)

But first a word of warning about *ad hoc* solutions that might evoke criticism from unemployed workers who were unable to benefit from them. Their suspicions would be fully understandable. Why should they not be compensated too, just because they lost their jobs "in the ordinary way"? Political solutions to the employment-environment dilemma will require a consensus of public opinion in their favour.

Substitute workplaces. In terms of the environment, this is the quickest and simplest solution. All ecologically non-justifiable jobs would be removed and 'clean' businesses would replace them. Unfortunately, and judging from experience, alternative jobs do not appear like miracles where and when they are needed. Political and financial incentives are no guarantee that the new jobs will match the lost ones in terms of numbers or skill standards. So it is by no means certain that unemployment would be avoided.

'Sozialplan'. By providing special compensation for the workers made redundant, government could in theory shut down the polluting firms immediately, even if there were no alternative jobs to go to. But a one-off payment is not enough to prevent hardship. In due course the dismissed workers would be financially worse off than before. It is also unlikely that *Sozialplane* payments would be sufficient to offset the shortcomings of unemployment benefits based on East German wage levels, when today's claimants are having to pay prices approaching Western levels. The longer it took to find a new job, the more angry people would become.

● **Basic Income.** In the circumstances Basic Income schemes — providing compensation for loss of a workplace — may well be the best way to avoid an ecological stalemate.⁵ BI schemes, unlike substitute workplaces and *Sozialpläne*, provide an opportunity (especially in East European countries) to reduce dependency on the workplace. The guarantee of a BI might make it easier for workers to forego their jobs in the polluting firm. Workers might be more prepared to accept ecological redundancy — even if there were no alternative job offers immediately to hand — because they would not be forced to accept just any job offer. The tendency to blame government might therefore diminish.

Given greater financial protection, people could, in the true sense of the word, afford to accept environmental protection priorities.⁶ And this new freedom would increase the capacity of politicians to act on the environment. This is particularly true in the new democracies of Eastern Europe where ecological problems are combined with severe economic difficulties and a particularly high orientation towards waged labour.

For any kind of eco-social policy to succeed, it is first necessary to loosen the ties between individual workers and their jobs. This is the only way to end the disastrous alliance between employees and polluting employers. It is also one of the features of Basic Income.

Sylke Nissen works at the Hamburg Institute for Social Research on issues of social and environmental policy.

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3. Nissen, S., *Ecology in the Civil Society. Contradictions between ecological and economic interests as a threat for a democratic development*. In: IGW-Report, no. 3-1991, Institute for Society and Sciences, University of Erlangen-Nuremberg, 1991.
4. Nissen, S., *Die Beschäftigungserpressung. Der Zielkonflikt zwischen Arbeitsplatzsicherung und Umweltschutz als Problem politischer Legitimation*, Hamburg Institute for Social Research, discussion paper 2-90, 1990.
5. This is not the place to enter into the details of BI schemes. A BI granted for ecological reasons would follow the same ideas as any other BI. For the principles of BI schemes and the international discussion see: Wohlgenannt, L., and Büchele, H., *Den öko-sozialen Umbau beginnen: Grundeinkommen*, Europaverlag, Vienna, Zurich 1991; Parker, H., *Instead of the Dole*, Routledge, London, 1989.
6. The need to separate the provision of material needs from the assertion of political rights has been discussed for a long time. See, for instance: Marshall, T.H., *Citizenship and Social Class*, in Marshall, T.H., *Class, Citizenship and Social Development*, Greenwood Press Publishers, Westport, Ct., 1976, pp 65-122.

Modest-but-adequate food budgets

Michael Nelson
and Anne-Marie Mayer

As explained in previous Bulletins, advocates of Basic Income (BI) have problems when asked what size the BIs should be. At present there is no way of knowing how much income families of different sizes and composition need in order to have "enough to live on". The authors of this article are nutritionists collaborating with the Family Budget Unit, whose aim is to develop modest-but-adequate budget standards for a wide variety of household types. A modest-but-adequate living standard is sometimes defined as twice the poverty level. The budgets here refer to food, but other budgets are obtainable from the Family Budget Unit.¹ The work is difficult and controversial and much consultation will be necessary before the methodology can be finalised.

Food budget standards are necessary in order to establish the level of expenditure required to reach a given standard of consumption and dietary adequacy. This is a lengthy and complicated process. The food budgets reported here were compiled for three household types, using a variety of data sources, including the National Food Survey², the Family Expenditure Survey³, the NACNE⁴ and COMA⁵ reports on healthy eating, Health Education Authority guidelines on alcohol consumption⁶, Recommended Daily Amounts (RDAs) for energy and nutrient intake⁷, and Sainsbury's (unpublished) food prices in October 1990.

Our aim was to produce a budget standard for food purchases that would provide enough food to satisfy the recommended intakes of all nutrients and meet guidelines for healthy eating; would reflect usual purchasing patterns; and would be reasonably priced. So we used normative (i.e. expert) judgments concerning what is necessary for a healthy diet, as well as behavioural data concerning patterns of food purchasing in the UK.

Our figures indicate that in October 1990 the following amounts of money per week were necessary to purchase a modest-but-adequate diet (including expenditure on meals eaten away from home), assuming that all the purchases were made at Sainsbury's:

- Two adults: £34 on food + £11 on alcoholic drinks
- Two adults and two children: £54 on food + £11 on alcoholic drinks
- One woman and two children: £36 on food + £4 on alcoholic drinks

Alcoholic drinks have been costed separately.

Method

National Food Survey data for 1983-87 provided the starting point to define the food purchasing profiles of three household types:

- Two adults
- Two adults and two children (one aged 1-4 years)
- One adult and two children (one aged 1-4 years)

To help identify the households with food purchasing profiles representative of the modest-but-adequate level, we selected *two-adult households* from the second fifth of the income distribution (the first fifth being the lowest); *two-adult, two-child households* from the third fifth; and *one-adult, two-child households* from the fourth fifth. The data used came from 316 two-adult households; 235 two-adult, two-child households; and 65 households with one adult and two or three children.

The methodology contains seven steps:

- 1 Define the current purchasing patterns for food eaten at home of households believed to represent the modest-but-adequate level, using National Food Survey data.
- 2 Add in sweets, soft drinks (based on the Family Expenditure Survey), and alcoholic drinks (based on Health Education Authority guidelines).
- 3 Calculate the adequacy of the resulting diet in terms of Recommended Daily Amounts (RDAs), taking into account waste, consumption of food by visitors, and food purchased and eaten away from home.
- 4 Adjust the food purchasing profiles to bring them in-line with NACNE, COMA, and Health Education Authority guidelines on healthy eating; and to meet nutrient deficiencies identified using the RDAs.
- 5 Adjust the total quantities of food purchased to reflect a diet which provides 95% of the RDA for energy⁸, and reassess the overall adequacy of the diet. Repeat steps 4 and 5 until an adequate and healthy food profile is obtained.
- 6 Cost the purchases using Sainsbury's food prices in October 1990, and add a component for foods purchased away from home.
- 7 Construct a food basket which reflects actual purchases, in quantities available in Sainsbury's, such that the cost is the same as in step 6.

Results

Food consumption profiles and nutritional adequacy

As an illustration, Table 1 compares the original and adjusted food consumption profiles (18 food groups) for a couple with two children. The original profiles were those of the families participating in the 1983-87 National Food Surveys, whose incomes were in the third fifth of income distribution in each year. The adjustments are not the same in all household groups. Differences occur partly because the original profiles differ between household types, and partly because of the different family structures, particularly the ages of the children. As explained, the purpose of these adjustments is to ensure that the modest-but-adequate food budgets reflect guidelines for healthy eating.

Table 1: Original and adjusted food consumption profiles, households with two adults and two children, ounces per week, except for milk

	Original	Adjusted
Cereal	99.0	127.3
Bread	84.7	118.1
Carcase meat	62.0	64.9
Meat products	46.3	30.7
Fish	12.6	21.4
Fats	30.4	26.8
Milk (pint)	16.2	15.4
Cheese	12.1	9.6
Eggs	18.9	18.9
Potatoes	128.8	139.6
Vegetables	121.6	178.8
Fruit	89.6	137.2
Sugar	27.5	13.7
Beverages	7.0	7.7
Other foods	38.2	35.8
Soft drinks	182.4	91.2
Sweets and chocolate	13.4	6.7
Alcoholic drinks	151.4	151.4

Table 2: Nutrient composition of the original and adjusted purchases (amount per person per day in 2-adult, 2-child household) and adequacy as a % of Recommended Daily Allowance (RDA)

	Original diet		Adjusted diet	
	Amount	% RDA	Amount	% RDA
Energy (kcal)	1851.0	96	1835.0	95
Energy (MJ)	7.8		7.7	
Vegetable protein (g)	21.6	118	28.9	131
Animal protein (g)	35.9		34.7	
Total fat (g)	82.8		71.3	
Saturated fatty acids (g)	35.4		28.1	
Mono-unsat fatty acids (g)	30.0		25.6	
Poly-unsat fatty acids (g)	11.6		12.1	
Carbohydrate (g)	221.0		238.0	
Calcium (mg)	812.0	149	808.0	148
Iron (mg)	9.4	99	12.2	127
Retinol (mcg)	750.0		622.0	
Carotene (mcg)	1749.0		2649.0	
Retinol equiv. (mcg)	1044.0	198	1064.0	202
Thiamin (mg)	1.1	137	1.5	186
Riboflavin (mg)	1.6	148	1.9	168
Nicotinic acid (mg)	10.5		13.6	
Tryptophan (mg)	753.0		816.0	
Nicotinic acid equiv. (mg)	22.8	181	26.6	211
Vitamin C (mg)	42.0	169	52.0	209
Vitamin D (mcg)	2.6	53	2.9	58
Folic acid (mcg)	189.0		244.0	
Dietary fibre (g)	17.1		25.3	
% energy as protein	12.7		14.2	
% energy as fat	41.2		35.9	
% energy as carbohydrate	46.0		49.9	
P:S ratio*	0.33		0.43	

* Polyunsaturated: saturated fatty acid ratio

Table 2 lists the nutrient content of the original and adjusted diets in Table 1, and shows the adequacy of the diets where values for RDA are available.⁸ The adequacy of the adjusted food profiles is similar to that of the original diet. The RDAs are set at levels intended to maintain health, but do not in themselves allow for additional requirements to meet the demands of infections, colds etc. In keeping with the concept of a 'healthy', modest-but-adequate diet, it is desirable to include a substantial safety margin. Although it is possible to make adjustments which would bring the level of all nutrients in the diet closer to 100 percent of the RDA (and therefore presumably less costly), this would seriously undermine attempts to construct budgets which conform to people's existing food preferences.

Modest-but-adequate food budgets

Table 3 shows our modest-but-adequate budgets for all three household types. The home food component is based on the adjusted food purchasing profiles, costed using the Sainsbury price base in October 1990. The alcohol component is based on Health Education Authority guidelines adjusted to modest-but-adequate levels, and the unit costs are based on Family Expenditure Survey (FES) data. The soft drinks, sweets and chocolate components are based on FES expenditure data less 50%, and the cost of food eaten away is again based on FES data.

Table 3: Costs (£ week) of modest-but-adequate food and drink purchases, October 1990

	<i>Household Type</i>		
	<i>2 adults</i>	<i>2 adults</i>	<i>1 woman</i>
	<i>2 children</i>	<i>2 children</i>	<i>2 children</i>
	£	£	£
Home food supply	22.69	41.16	30.48
Soft drinks	0.49	1.00	0.57
Sweets and chocolate	0.46	0.86	0.49
Food eaten away from home	10.46	11.03	4.30
Total food cost per household	34.10	54.05	35.84
Alcoholic drinks	10.68	10.68	4.40

Distribution of expenditure within households

Factors reflecting the allocation of food energy in UK households for eight groups distinguished according to age and sex were described by Nelson in an earlier study.⁹ By using these factors to approximate the distribution of all food purchases except alcohol (the cost of the latter being allocated exclusively to the adults), the costs of feeding each individual adult or child within the family can be estimated (Table 4).

In the lone-parent household, the adult has been assumed to be female; if male, an extra £6 for food and £1.88 for alcoholic drinks would be required per week. The values in Table 4 for households with children reflect the age and sex composition of households in selected income bands in the NFS.

Table 4: Distribution of food and drink costs (£ per week) October 1990

		<i>Household Type</i>		
		<i>2 adults</i>	<i>2 adults</i>	<i>1 woman</i>
		<i>2 children</i>	<i>2 children</i>	<i>2 children</i>
		£	£	£
<i>Adults</i>				
Food:	Male	20.06	19.23	—
	Female	14.04	13.46	13.23
Alcohol:	Male	6.28	6.28	—
	Female	4.40	4.40	4.40
<i>Children</i>				
Aged 0-5:	Male	—	9.62	9.45
	Female	—	9.23	9.07
Aged 5-10:	Male	—	14.04	13.80
	Female	—	11.73	11.53
Aged 11-17:	Male	—	17.50	17.20
	Female	—	15.58	15.31

Representative food baskets

Table 5 (on page 14) shows the contents of a representative food basket for the same couple with two children. The basket does not include all the items that would be purchased over the course of one month, but illustrates the range and quantities of food that could typically be bought. The amounts suggested under one heading might be exchanged for foods under other heads. For example, bread, rice, pasta and potatoes are fairly interchangeable. Other items, like preserves and tea or coffee, might not be bought every week, so the number of weeks over which the purchases would be spread is also indicated.

Total expenditure is roughly equal to the notional amount listed in Table 3. The full report also breaks down the quantities and costs into 58 food groups, from bread to alcoholic beverages.

Choice within the budget

The food basket shown here is one of many that could be purchased for the amount of money suggested. The costs are based on Sainsbury's leading sales lines, and no doubt the same quantity (but not necessarily quality) could be obtained for less money by purchasing lower-cost items, or using alternative outlets (e.g. street markets).

It would also be possible to limit the range of foods, and to reduce the consumption of alcoholic drinks and foods eaten away from home, thereby reducing expenditure still further. Such changes, however, begin to undermine the modest-but-adequate concept, which is intended in part to allow choice within the budget.

Table 5: Representative modest-but-adequate food basket, couple with 2 children, amounts per week in typical purchase quantities (g and ozs)

Food group	Amount
Bread	
White: Large sliced	2
Wholewheat: Large sliced	2
Small sliced	1
Cereals	
Kellogg's cornflakes	2 × 500 g
Spaghetti	1 kg
Jam tarts	227 g
Digestive biscuits	1 large pkt
Penguin biscuits	1 pkt of 6
Flour	500 g
Carcass meat	
Braising steak	1½ lb
Bacon, steaky	6 rashers
Chicken	2½ lb
Meat products	
Sausages	½ lb
Sausage rolls	1 lb
Fish	
Cod fillets	¾ lb
Tinned sardines	1 small
Fish fingers	250 g
Fats	
Butter (UK)	250 g
Flora margarine	500 g
Milk	
Semi-skim	15 pts
Fruit yogurt	4 small pots
Cheese	
Edam	¾ lb
Eggs	1½ doz
Potatoes	
New	2 lb
Main crop	7 lb
Vegetables	
Cabbage	1½ lb
Lettuce, round	1 medium
Green beans	½ lb
Carrots	1 lb
Cucumber	1 lb
Tomatoes	1 lb
Onions	2 lb
Baked beans	1 lg tin
Tinned tomatoes	1 14oz tin
Frozen peas	2 lb
Fruit	
Oranges	4 medium
Apples	2 lb
Grapes	1 lb
Bananas	2 lb
Sultanas	½ lb
Orange juice	1 litre
Sugar and preserves	
Granulated	1 kg/3 weeks
Marmalade	1 lb/6 weeks
Beverages	
Red label tea	250g/2 wks
Nescafe inst. coffee	100g
Miscellaneous	
Heinz tomato soup	1 tin
Soft drinks	2 litres
Sweets, chocolate	
Chocolate bar	4 small
Alcoholic beverages	
Beer	6½ pts
Wine	4 glasses
Spirits	7 singles
COST	£51.32
Food eaten away from home	£11.03
TOTAL	£62.35*

*cf Notional budget total in Table 3: £64.73

Dr. Michael Nelson is a lecturer in nutrition at King's College, University of London. Anne-Marie Mayer is a Research Fellow at King's College.

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The two Williams

Malcolm Torry

History as taught at school is about battles and dates, yet some of the most interesting historical events arise from the meeting of minds. Here BIRG's Director gives a new insight into the 'might-have beens' of Britain's welfare state — and the Church of England's influence upon it.

It is now fifty years since William Beveridge's Inter-departmental Committee on Social Insurance and Allied Services started to take evidence, and already conferences, books and special editions of journals are reminding us that Britain's welfare state will soon be fifty years old. But whose idea was it? Why did it take the shape that it did? And in particular why did the Beveridge Report say the things it said?

Archbishop William Temple, 1881-1944 From moral values to the welfare state

The term *welfare state* was probably coined not by Beveridge but by William Temple: philosopher and theologian, headmaster of Repton, Rector St. James' Piccadilly, Bishop of Manchester, Archbishop of York and Archbishop of Canterbury (like his father before him).

The nineteenth century, dominated as it was by Bentham's utilitarianism and John Stuart Mills' libertarianism, had been a difficult time for social policy. Although humanitarian legislation had been enacted, no philosophical underpinning had been available to give coherence to the role of the state in welfare provision. However, by the time Temple left Rugby School and arrived at Balliol College, Oxford, T.H. Green's idealism, inherited largely from Hegel, offered to undergraduates an intellectually satisfying framework, which encouraged an interest in society and in activities to improve conditions for the poor.

Hegel's vision of the cosmos as an integrated organism, through the evolution of which 'Spirit' (in German 'Geist') realises itself, was easily translated by Temple and his contemporaries into a conviction that the world is an expression of a 'Mind', through the operation of which in relation to our minds we can bring about progress by rational means; that ultimately there are no conflicts of interest; and that a common mind can be discovered which will promote the welfare of the whole of society.

Throughout his life Temple's thought was moralistic and optimistic, constantly seeking hierarchies of values which might lead from God to the details of our lives. And he remained convinced that society could be improved by deducing what he called middle axioms from basic moral principles, and by deducing social policy from these middle axioms.

In his *Mens Creatrix* of 1917, Temple declared 'the welfare of society' to be the main criterion for moral activity,¹ and by 1928 he was comparing the 'Welfare State' to the 'Power State'² (the earliest use of the term welfare state that I can find), and was describing the state's task as that 'of harmonising in the one life of the community the services of its various constituent groups.'³

The Malvern conference An initiative that faltered

In 1940, a group of church leaders wrote to *The Times* in support of Pope Pius XII's 'Five Peace Points', which called for the abolition of extreme inequalities in wealth, adequate education for all children, the safeguarding of the family, a sense of divine vocation in daily work, and the conservation of the earth's resources.

In 1941 Temple, by then Archbishop of York, convened a conference at Malvern to debate the future shape of society. In the final document (composed by Temple) we find 'principles' and 'middle axioms', and in his 1942 book *Christianity and Social Order* (a significant title) we find such principles as "freedom ... social fellowship ... service ..."⁴; "the family as the primary social unit ... the sanctity of personality ... the principle of fellowship."⁵ In the same book we also find in an appendix "a suggested programme"⁶ which calls for state intervention to end unemployment.

Present at Malvern was Canon V. A. Demant, a prominent member of the Christendom Group, and an advocate of Major Douglas's *Social Credit* proposals (a forerunner of Basic Income). Demant had written in his *Christian Polity* of 1936:

Any revolting or undesired occupation can be justified if it can be shown that it will make employment. Social credit by its proposal for the unconditional dividend is an embodiment of that sanity which recognises that if an activity is socially harmful or redundant it is morally more healthy to pay people to keep out of its way.⁷

Of this influential school of Christian thought we read nothing in Temple's writings. We do, however, read occasionally of R.H. Tawney, who was at both Rugby and Balliol with Temple, and who was instrumental in involving Temple in the Workers' Education Association in 1905, a connection which enabled Temple to see the world from a perspective other than that of the privileged class to which he belonged. Temple consulted both Keynes and Tawney over the 'suggested programme' in his *Christianity and Social Order*.

Temple also knew Reinhold Niebuhr and his theology of radical pessimism, he knew Tawney's work on equality, and he knew the Christendom group's espousal of social credit; but, instead of either pessimism or utopia, he chose rational optimism, consensus-building, the status quo, and social change by small evolutionary steps based on somewhat conservative moral principles. For Temple, God, society and the state were benevolent and inseparable.

Sir William Beveridge, 1879-1963

An obsession with idleness

Beveridge was in his fourth year at Balliol when Temple was in his first, and Beveridge, like Temple, Tawney, Asquith, Scott Holland and Arnold Toynbee, was influenced by Green's idealism. Like Temple also, Beveridge was taught by Edward Caird, a disciple of T.H. Green who encouraged the construction of orderly sets of moral values. While in his first year Temple wrote to his father concerning a discussion which he, Beveridge and others had held about Browning's poetry. Presumably they had turned to discussing the philosopher Immanuel Kant's 'categorical imperative', for Temple wrote:

The ablest person present — Beveridge — told us that the Categorical Imperative is really negative, and should be expressed: "I must not do nothing," or "I must not be useless"; and proceeded to deny that there is any cause for any satisfaction after doing a good action, other than a relief from the horror of uselessness ... ⁸

Temple thought Beveridge mistaken, and so do I. But this is interesting early evidence of Beveridge's permanent obsession with the evil of idleness, an obsession still with him when he wrote *The Pillars of Security* in 1943, in which he declared that if only idleness could be destroyed then "all the other aims of reconstruction come within reach,"⁹ and that the government must "use the power of the State to whatever extent may prove to be necessary in order to maintain employment after the war."¹⁰ And he took up the same theme again in *Full Employment in a Free Society* (1944), a report with more right to be called 'The Beveridge Report' than his *Social Insurance and Allied Services* of 1943, because it came closer to his chief concern:

Idleness even on an income corrupts; the feeling of not being wanted demoralises ... The full employment that is the aim of this Report means more vacant jobs than unemployed men.¹¹

The roots of the Welfare State

The roots of Britain's welfare state, especially its income maintenance provisions, lie within the long history of the Poor Law, friendly societies and state provision of pensions; within an idealism which encouraged optimism about current trends and future possibilities, and which was popularised by the prolific and influential Temple; and within Beveridge's obsession with the evil of idleness.

Causality is difficult to establish, but it is possible that instrumental in bringing the emerging consensus to a focus was the longstanding friendship between Temple and Beveridge, whose interests and prejudices reinforced each other to give us Beveridge's *Social Insurance and Allied Services* and at the same time Temple's *Christianity and Social Order*.

Both Beveridge and Temple worked from principles to details, both sought evolution from chaotic voluntary activity towards a coherent strategy co-ordinated by the state, both regarded the family as the basic social unit, both thought employment the necessary route to income maintenance, both sought substantial social change but

also an evolutionary approach based on the *status quo*, and both were firmly wedded to the work ethic and had a horror of idleness. Temple may have thought Beveridge misguided in his interpretation of Kantian moral philosophy, but he himself regarded unemployment as a great evil in itself, saying of the unemployed:

The greatest evil and bitterest injury of their state is not the animal grievance of hunger or discomfort, not even the mental grievance of vacuity and boredom; it is the spiritual grievance of being allowed no opportunity of contributing to the general life and welfare of the community.¹²

Temple's book ends with a 'suggested programme' which at many points echoes the introduction to Beveridge's report — or is it the other way around? *Christianity and Social Order* was published in 1942, but the preface is dated 15th November 1941, which is before the Beveridge committee met for the first time. (It is possible that publication was delayed by Temple's move from York to Canterbury).

This leaves us with some questions which require further research:

- During their long acquaintance, to what extent did Temple's optimistic idealism temper Beveridge's negative attitude towards the moral/categorical imperative?
- To what extent did Temple's *Christianity and Social Order* influence the shape of the Beveridge Report?

What if?

As a young academic, Temple supported the Labour Party, and always regarded Tawney as a close friend. Tawney wrote:

Those who dread a dead-level of income or wealth, which is not at the moment, perhaps, a very pressing danger in England, do not dread, it seems, a dead-level of law and order, and of security for life and property, or complain that persons endowed by nature with unusual qualities, or strength, or audacity, or cunning, are artificially prevented from breaking into houses, or terrorizing their neighbours, or forging cheques.¹³

What if Temple had retained a greater interest in equality, and at Malvern in 1941 had been persuaded by the Christendom Group that unemployment was not itself an evil, that what a post-war society required was "the recovery of an order where work is called for in response to an actual want"¹⁴, and that the provision of unconditional income for each and every individual was a way of achieving that new situation? And what if Beveridge had listened to such a reconstructed Temple and thus been persuaded of the wisdom of Juliet Rhys Williams' ideas — ideas similar in many respects to those of the Christendom Group?

Unfortunately it was not to be. Temple was too much a member of the Establishment, as was Beveridge, to be willing or able to advocate social change which was not substantially a rearrangement of the *status quo*.

I conclude that we need further research into who was responsible for the shape of the Beveridge Report and

its popularity. After all, *Christianity and Social Order* sold 150,000 copies in the first year or so, and two reprints had occurred before publication of Beveridge's report.

I also conclude that it is high time for Britain to take the route that Temple and Beveridge could so easily have taken, but to our great cost did not take.

Malcolm Torry is BIRG's Director. He is also Vicar of St Catherine's, Hatcham, at New Cross in South London.

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Freeing up the labour market?

Jean-Yves Duclos

Time and again the objection is raised that a Basic Income (BI) would discourage wealth creation by subsidising idleness. Yet a closer look at the existing tax and benefit systems suggests that BI could rescue many families from the unemployment and poverty traps, and thereby add to wealth creation. Here the author, with the kind assistance of Holly Sutherland, examines the potential effects of BI on a typical British family in October 1991. It is emphasised that this is not a costed BI scheme; the figures are largely illustrative.

A Basic Income scheme would phase out as many reliefs and allowances against personal income tax, and as many existing state-financed cash benefits as practicable, replacing them with a universal Basic Income (BI). What effect would this have on the earning opportunities available to a British family?

Using research carried out at the London School of Economics, the question can be answered by considering the three-dimensional Figures 1 and 2. These show the net income levels of a single-earner British family in October 1991, as a function of the hourly wages and hours worked per week by the husband, first assuming the current tax and benefit systems and then a hypothetical BI scheme.¹

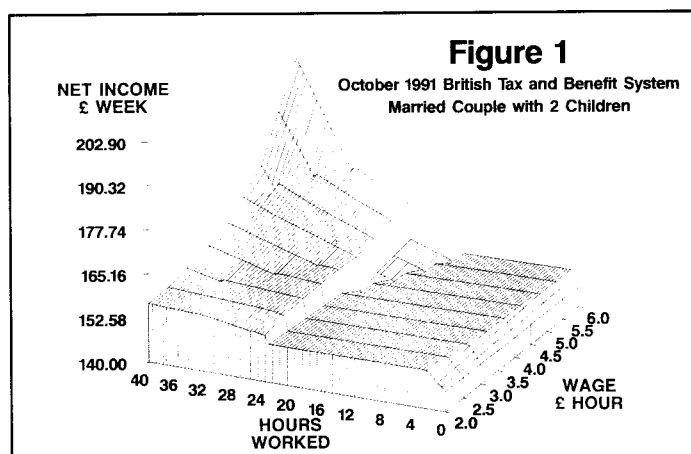
The family is assumed to consist of a married couple with two children (aged 9 and 11 years), living in local authority rented accommodation. On the axis labelled WAGE there is a series of hourly wage rates (from £2.00 to £6.00 per hour of work), which the husband might earn on the labour market. On the axis labelled HOURS, there is a series of weekly hours for which he might work (limited here to 40).

To calculate the husband's gross weekly earnings, all that is necessary is to multiply his wage rate by the number of his working hours. To calculate the family's net weekly income, after deducting personal taxes and adding in social security benefits, is more complicated.² Incorporated in the calculation are all the main (and sometimes complex) features of the UK personal income tax system, national insurance contributions, housing benefit, income support and family credit, in October 1991.³ Some *passport benefits*, e.g. free school meals and free prescriptions, eligibility for which depends on receipt of income support, are also included.

For all our calculations we used the same assumptions as the Department of Social Security in their tax/benefit model tables.⁴ For example the wife is assumed to have zero income of her own, and the husband is not contracted out of national insurance contributions. Full take-up of all social security benefits is assumed; the family pays rent of £26.03 a week and poll tax of £9.40 a week; and the net income figures quoted are before payment of rent and poll tax.

Because the analysis is based on a hypothetical (or model) family, it is important to emphasise that Figures 1 and 2 refer only to families whose circumstances exactly fit the assumptions made, and should on no account be generalised for the population as a whole.

The existing tax and benefit system



The overall results of the existing system are displayed in Figure 1. The resulting picture is one of plateaux, gaps and valleys, cliffs, and increasingly and decreasingly steep hill slopes. The initial upward slope at very low levels of earnings (here, no more than 2½ hours work a week) stems from the earnings disregard of £5.00 a week with income support (IS).³ The availability of IS, entitlement to which is reduced £ for £ after the initial £5, flattens the distribution of net income on earnings up to about £150 a week, creating a *poverty plateau*.

Plainly there exists no monetary gain at all from working harder or longer over a sizeable range of hours and wages, the additional earnings being exactly offset by decreases in IS. Moreover, when entitlement to IS ends, net income may fall abruptly, creating gaps at the end of the IS plateau for those with wages above £4 an hour. These gaps occur when the family cannot get either family credit³ (also means tested) or income support.

The cliff at 24 hours of work is induced by family credit's availability (it too is means-tested) being limited to those working more than 24 hours a week. Jumping away from the IS plateau to the top of the family credit cliff can mean a rapid increase in net income, of up to £11 a week for tenant families. But for mortgagors (not shown here) the replacement of IS by family credit can be detrimental. A big gap may be created, because mortgage interest is payable with IS, but not with any other benefit.

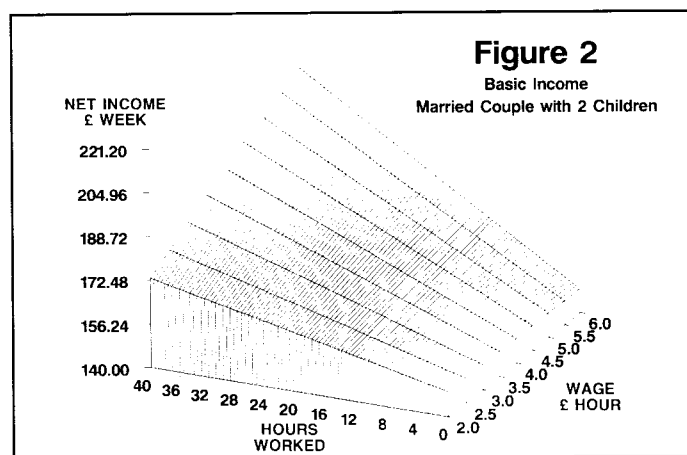
The family credit cliff is followed by a second plateau, where national insurance contributions and income taxes are payable at the same time as state benefits are being progressively withdrawn. Only at large hourly wage rates and a relatively high number of hours worked does net income increase significantly with gross earnings. Moreover, with more children or older children than those assumed in the Figure, the family credit plateau gets wider, because the initial family credit amounts are larger.

Implicit tax rates (encompassing benefit withdrawal as

well as tax) vary widely throughout the distribution of wages and hours shown in Figure 1. As already mentioned, families receiving IS face a 100% tax rate on their earnings. Families receiving family credit face implied tax rates of between 80% and 96%. These sizeable rates represent a combination of income tax (at 25%) and national insurance contribution (at 9%), *plus* the withdrawal rates for housing benefit and family credit at 70% of increases in income *net* of tax and benefits. In some cases, notwithstanding the 1988 social security reforms, tax rates still exceed 100%, if account is taken of the non-payment of small entitlement to many benefits.

This situation creates anomalies, for instance when one family has a lower net income than another (otherwise similar) family where the husband has *lower* gross earnings. An interesting and related instance of this occurs when a father working 20 hours a week for a wage of £4 an hour ends up £5 a week better off than another father working the same number of hours for £5 an hour.

Basic Income



We can now contrast Figure 1 with Figure 2, which shows net incomes in the presence of a BI scheme devised in such a way as to ensure that no one amongst the poorest would be worse off than s/he was under October 1991 tax and benefit systems. To do this, the BI individual amounts are adjusted to the family's IS entitlements. And the rate of income tax is adjusted to a flat-rate 70 per cent on all other income, which appears from previous studies to be approximately the rate at which BIs on this scale would be self-financing.

Figures 1 and 2 can illuminate our understanding of the concepts and tools used by social scientists to discuss the merits of BI. An analysis of Figure 1 indicates that in the present system net income increases very little (and sometimes decreases) with the amount or quality of work provided. And it is this which induces the poverty and unemployment traps. As can be seen from Figure 1, the incentive to take up a part-time job, or even to participate at all, can be very low. For main earners, the lower the hourly wage they are offered, the weaker the incentive to take paid work. For example, since a husband offered a wage of between £2 and £6 an hour would be virtually no better off working up to 24 hours a week than if he were not working at all (because he would lose in IS all except the first £5 of his earnings), he is unlikely to work

for less than 24 hours a week unless constrained to do so (e.g. through workfare), or unless he does not see well enough through the fog of tax and benefit regulations.

In the light of the factors considered here, it seems plausible to suggest that a BI system would indeed "enhance individual freedom, and would help to prevent poverty, to end the poverty and unemployment traps, to reduce unemployment and to create a less divided society" (see inside front cover of this Bulletin). This is because, as can be seen from Figure 2, a BI system would not favour full-time relative to part-time work, and would not discourage the unemployed and the less skilled from investing their time and energy in further training — thereby enhancing their future labour market opportunities. On the other hand, it must be pointed out that the high rate of marginal taxation required for a full BI (70 per cent in Figure 2) would induce adverse effects on the quality and provision of highly skilled labour, as well as encouraging tax avoidance and evasion among high earners.

Taking account of behavioural change

Most current tax and benefit models, including those used to consider the desirability of a BI, fail to take account of the likelihood that household members will wish to adapt their choice of weekly hours of work, and their decision whether or not to take up paid employment, according to whatever new sets of taxes and benefit regulations come into operation. Economists who do aim to incorporate behavioural changes in their studies should try to understand which factors are likely to bring about the desired labour market behaviour on the part of households, and which are more likely to restrict it. To do this would involve, in graphical terms, positioning households and their individual members at particular points on maps such as those of Figures 1 and 2.

Though not fully clear, the evidence seems to suggest that a shift away from the 1991 tax and benefit systems to a pure BI would produce little change in the labour-market choices of husbands, but would lead many women to change their labour-market behaviour, in such ways as to offset the effects of the BI scheme on the family's net income. For instance, if a BI scheme were to increase the net income of the husband in a relatively poor but working family, the spouse (especially if she had small children) would probably wish to reduce her labour-market participation to the status (say) of a part-time worker; or she might choose not to do any paid work at all.

BI wins on simplicity

Finally, comparing Figures 1 and 2 leaves the comparative simplicity of the BI scheme in no doubt. The single rate of tax on all earnings adopted here also makes the BI tax and benefit system as tractable and transparent as it can be. A BI scheme also removes the anomalies mentioned above, anomalies which inevitably cast shadows on the perceived fairness or equity of the current redistributive system.

Some BI advantages are unquantifiable

It is also worth repeating that Figures 1 and 2 present an extremely limited view of the labour-force and net-earnings opportunities of citizens. They shed no light on factors which cannot be measured easily using a computer model, for instance the choice a BI would give to individuals deciding about their education, or savings; or about the age at which to retire; or about the allocation of paid work between spouses. These aspects of BI should, of course, not be under-estimated.

Jean-Yves Duclos is a graduate student in economics from Quebec City in Canada, and is at present working for a PhD in economics at the London School of Economics.

References

1. We could proceed to a similar analysis of the earnings opportunities of the spouse.
2. Those interested in learning how tax and benefit models operate may consult: Atkinson, A.B., and Sutherland, H., *Tax-Benefit Models*, STICERD Occasional Paper No 10, London School of Economics, 1988.
3. *Housing benefit* is a means-tested benefit for low-income families. *Income support* (IS) is a means-tested benefit for people who are out of work, which superceded *supplementary benefit* (SB) in 1988. *Family credit* is a means-tested benefit for low-earning families with dependent children, which superceded *family income supplement* in 1988.
4. Tax/Benefit Model Tables, July 1991, Department of Social Security.
5. In April 1992 the number of hours which can be worked without forfeiting entitlement to income support will be reduced from 24 to 16. Tenant families with children should gain as a result of the change, but those with mortgages may lose, because mortgage interest is payable with IS but not with family credit. Families without children will also lose, because there is no in-work benefit comparable to IS for low-income families without children.

At Home and Abroad

We rely on readers to keep us informed about events concerning Basic Income world-wide. If you know of something that may be relevant, please write to The Editor, c/o BIRG.

NEW ZEALAND

Rethinking Welfare: Seminar at the University of Waikato, Hamilton, New Zealand, September 1991

Michael Goldsmith writes: The presence of Bill Jordan, on a flying visit to New Zealand, created a lot of interest in a one-day seminar on Basic Income/Universal Grant proposals at the University of Waikato. Bill, who had come to New Zealand once before in the late 1970s, was overheard to say that the current reception for BI ideas was much more sympathetic than on his previous trip. This time the media coverage was extensive, including radio interviews, plus a lengthy and judicious piece by Simon Collins, head economic reporter for the country's largest circulation daily, *The New Zealand Herald*.

In the lead-up to the seminar, Bill also accepted a last-minute invitation to join a panel of speakers addressing the need for alternative economic and social policies, at a public meeting in Hamilton. His speech on the failure of Thatcherism struck a chord for members of a society which, since 1984, has witnessed probably the most thoroughgoing imposition of New Right economic ideology anywhere in the world. Free-market exhortations, destruction of the manufacturing base, privatisation, cutbacks in spending on health, education and welfare, stringent targeting of beneficiaries, the likelihood of increasing surveillance through the use of smart ID cars, and new anti-union employment contracts legislation are some of the indices of what another speaker, Brian Easton, called "sado-monetarism".

The Waikato seminar, which attracted a diverse audience of academics, students, environmentalists, political activists, trade unionists, community workers and senior citizens, was introduced by Michael Goldsmith of the University's Department of Politics. He drew attention to the major upheavals in New Zealand's social welfare policies since the apparent consensus of the 1972 Report of the Royal Commission on Social Security. The Fourth Labour Government (1984-90) attempted to offset its free-market economic experiments with liberal social policies, but had ignored for the most part both the recommendations of a Royal Commission on Social Policy (1986-88), and the thousands of submissions that poured into it. The by now obvious failure and unfairness of current policies had produced a widespread sense of disillusion and a willingness to consider alternatives.

Bill Jordan then briefly outlined what he meant by Basic Income: *a universal, unconditional, tax-free sum, paid to each individual citizen regardless of work or marital status*. He was followed by Les Gilchrist, an independent researcher and activist who had written (with Goldsmith) a lengthy submission to the Royal Commission in 1987. In order to differentiate the logic of BI from certain other proposals, he quickly ran through such alternatives as

Guaranteed Minimum Income, Negative Income Tax, Partial Universal Allowance, Minimum Social Income, and Social Dividend. None of these seems to have the advantages of Basic Income (or the Universal Grant proposed by Robert van der Veen and Phillipe Van Parijs, which in 1986 inspired the Gilchrist/Goldsmith submission).

The next session featured Jordan's major presentation, in which he leapt at the opportunity to discuss BI in 'global perspective'. The ensuing discussion of citizenship, justice and efficiency was probably the focal point of the seminar. The first half of his talk concentrated on the theoretical basis of BI and the second half looked at pragmatic policies. He argued that there is a crisis not only of the welfare state but also of the nation state, which faces an increasingly negative role vis-à-vis its citizenry (especially coercion and surveillance). BI would provide a new material base for citizenship and would represent "a second marriage between justice and efficiency".

Having dismissed the standard arguments against BI, Bill then looked at the pragmatics of implementation in New Zealand, where neither widespread social insurance schemes nor income tax allowances exist to serve as areas of potential trade-off. He concluded by looking at some pointers and parallels in the European Community and Eastern Europe.

This comparative perspective continued with two University of Waikato Law School staff members, Nadine McDonnell and Paul Havemann. They drew on their respective Canadian experiences to discuss the McDonald Commission and its implications for BI politics. Nadine spelled out some of the background to the Report. Paul concentrated on the wider context, including the fiscal and political crisis of the Canadian state. To deal with this crisis, some seven or so BI-type proposals had been canvassed during the period 1965-72, of which only one (the Senate Committee's Report of 1971) appeared to be a progressive variant. Then, starting in 1982, the McDonald Commission investigated a universal income security programme that would provide a relatively low guarantee level — a conservative strategy based on the usual fears. The debate over *demogrants* appears stalled at this point.

The second half of the seminar kicked off with a spirited economic forum. Alison Marshall (former economics spokes-person for the Values Party, now an independent Green) argued that, in view of the economic depression, a generous BI would be unaffordable. The next speaker, economist Keith Wignall (University of Canterbury) summarised the proposal of economist Keith Rankin (University of Auckland) for a universal tax credit set at \$6000 a year, with an extra \$4000 a year for the main income earner of a household and pensioners (defined in this instance as anyone over 40 who wanted to redeploy their efforts). Wignall criticised this scheme as requiring unacceptably high marginal tax rates, and put forward his own less generous fall-back scheme, for which he argued on the grounds that anyone needing extra income could then find work. This view came in for flak from the audience, on the grounds that it would condemn full-time childminders and many others to poverty.

In the final paper of the day Goldsmith returned to political issues and problems of implementation in New Zealand. He raised three questions:

- Which groups, sectors and parties are likely to be most receptive to BI proposals? Opinion surveys of New Zealanders report widespread support for the welfare state, but also point to the uncoupling of work and income as the ideological crux of BI.

- How can the target audience be persuaded that BI is in their best interests? Here issues of rhetoric (such as the label) and tactics (such as manipulation of the tax system) overlap.

- What is the best strategy for implementation, once agreement has been reached? Goldsmith returned to issues of citizenship and unconditionality before handing over to two of the previous speakers to argue the merits of a full and immediate introduction of BI (Les Gilchrist) versus a partial and piecemeal implementation (Bill Jordan).

The seminar concluded with a lengthy open forum that covered too many issues to go into here. These comments, as well as the other presentations, were tape-recorded and the proceedings will be published.

UNITED KINGDOM

BIRG discussion groups: As a new venture BIRG is organising a series of small discussion groups in London, early in the evening, on clearly defined subjects like *Administration, Definition of Residence, Work Ethic*. The purpose of these groups is to help BIRG's management group thrash out difficult problems — sometimes technical, sometimes political, sometimes moral — with the help of outside experts. The first group, on administration, was on 11th November and was most helpful. If BIRG members living outside London would like to organise similar events, please contact Malcolm Torry, c/o BIRG, for advice.

A celebration: On Thursday 28th November, BIRG held a small celebration to commemorate the 50th anniversary of the first meeting of the Inter-Departmental Committee on *Social Insurance and Allied Services*, chaired by Sir William Beveridge, which led to the Beveridge Report. Those who have helped BIRG during the first seven years of its existence were invited, and heard Lord Desai describe the prospects for a hung Parliament and a return to the middle ground of politics, as good for BIRG and others wishing to sow the seeds of Basic Income. Guests also enjoyed a first showing of BIRG's new video (see **Books and Papers received**).

BIRG North-West

Kevin Donnelly reports: *Just keep on doing what you're doing*, was the encouraging message from BIRG member Rev. John Kennedy at the Christian Socialist Movement (CSM) meeting in Bolton last June. So we have done. Management consultant Hilary Brazell at her seminars talks about human dignity and BI. Keith Argyle's well-documented article for Bulletin No. 13 came straight from the inner city of Salford. It will now be re-printed in Church News. At the local elections in Manchester, 32,000 voters supported Liberal Democrat or Green candidates, which shows the implicit support for BI.

The yellow cards keep trickling in, as do other messages of interest:

- The Bishop of Manchester wrote to say that although he has not as yet studied BI in depth, *he has a positive interest in it*.

- Alf Morris, Labour MP for Wythenshawe, has: *strong sympathy with BI, which will clearly be of help to many needful constituents*.

- Keith Bradley, Labour MP for Withington: *wants to be kept informed about BI*.

- Ronnie Fearn, Liberal Democrat MP for Southport: *Yes, I'm happy to give you my support*.

- North-West industrialist Sir Alastair Pilkington is not a strong BI supporter at present: *it seems of critical importance to get the support of the Trade Unions ... Having said that, there are many attractive features to BI*.

- Kathleen Gillooly of Leyland (near Preston): *I'm a member of a Justice and Peace group, and think we would like to discuss this idea in the group*.

There's no doubt that BI is a bit of a culture shock to union members. We sent forty letters to North-West trade union branch officers without a single reply. Yet BI could give union members greater security.

Twenty people attended BIRG North-West's workshop on 26th October, at which speakers included local rector Greg Forster talking about Christian ethics and BI, Conall Boyle from Birmingham Poly talking about jobs, and Walter Van Trier from Antwerp University putting it all in a European Perspective.

With our large yellow poster *BASIC INCOME — the best step forward*, badges and stickers, leaflets and books, we also attended the Well Being Exhibition in Manchester; a Yorkshire Fabian conference at Leeds Polytechnic; ecumenical events at Preston and Crewe; and the huge Charter 88 convention in Manchester in November.

At the Fabian conference, Michael Meacher MP said he had *problems with BI* (SEE his article elsewhere in this Bulletin). But afterwards he also said that academics want new systems whereas *politicians prefer to tinker*, so maybe he would consider a partial BI ... Over to you Michael.

At Charter 88's three-day convention, *Towards a Written Constitution*, Ken Palmerton, Martine Waltho, Alan Sennett and myself were questioned by literally dozens of delegates, some in ones and twos, sometimes with several waiting to ask questions: old and young, men and women, teachers, lecturers, sixth-form heads, further education people, students, solicitors, social workers; and some solitary but sharp-eyed enquirers, including a student of German and Russian studies, a young Russian mother from Minsk who is studying retailing at the Poly, and a further education lecturer from Richmond-upon-Thames. Two Lib-Dem parliamentary candidates wanted material for their campaign. Visitors from Tyne and Wear asked about local BIRG groups in their area, as did some Scots, a visitor from Cumbria and some Home Counties communists.

Tony Benn MP wanted to know about *all this radical stuff*. Be sure that we will keep him informed.

Next event, late April 1992, workshop either at Wythenshawe Meeting House, or hosted by a local authority in the North West.

Book Review

TAXES — BURDEN OR BLESSING?

Stanley Booth-Clibborn
Arthur James, London 1991, pb £5.95, 168 pages

Greg Forster writes:

Disraeli claimed two things were inevitable in life: death and taxes! For many people death is a taboo subject, and for theologians taxation has also been largely tabooed. When he suggested in the House of Lords that there should be a *theology of taxation*, the author of this book, who is Bishop of Manchester and a BIRG trustee, was accused of the second silliest saying of 1989. So he put pen to paper to justify his intervention, and break the taboo.

What he has written is about more than taxation. It is a positive portrait of the State as part of God's provision for humankind, and a means of practising our Lord's command to 'Love your neighbour' on a scale that matches the needs and the size of modern communities.

Bishop Stanley argues as much for Government expenditure for the benefit of the less well off as for the raising of revenue through taxation. He justifies such redistribution of income according to the biblical principles of justice, protection of the underdog, and the equality of humankind before God. He therefore challenges many of the easy assumptions of Britain in the 1990s. He also addresses the moral questions of our connivance with tax evasion, the use of taxation for arguably immoral purposes (e.g. military expenditure), and the introduction of an arguably unjust tax (the Community Charge).

He promises that his book is not a technical study. It is fairly easy to understand, and that understanding is made easier by clear summaries of the argument at the end of each chapter, and key questions for consideration at the end of the book. You do not need to be an economist to follow it. Indeed in some places a more technical discussion might have strengthened his case. Where he argues, for instance, that we ought to accept higher tax rates to provide better welfare services, he does not discuss the way high direct tax rates may in themselves reduce wealth creation (which he recognises as a proper Christian activity), and Government revenues from indirect taxes. He seems to assume that greater expenditure necessarily results in greater welfare.

I was also disappointed to see little discussion of alternative methods of relating taxation and welfare — the concept of Basic Income received one paragraph, which only half explained the idea, with no references to further reading.

So what of the book? A bishop's egg — good in most parts — full of ideas, which I hope he and others will continue to incubate and finally hatch. We all need to think out our Christian service as taxpayers, for if a theology of taxation was the second silliest idea of 1989, then the silliest of all must have been *no* theology of taxation.

This review is reprinted with the authors permission, from CRUX, July 1991 (Diocesan Magazine Inset of Manchester Diocese). Greg Forster is Rector of St Wilfrid's, Northenden, Manchester

Book Review

INDEPENDENT BENEFITS FOR MEN AND WOMEN

An enquiry into options for treating husbands and wives as separate units in the assessment of social security

Peter Esam and Richard Berthoud

Policy Studies Institute, 100 Park Village East, London NW1 3SR, November 1991. 80 pages; and Social Policy Research Findings No. 18, October 1991, Joseph Rowntree Foundation, The Homestead, 40 Water End, York YO3 6LP.

Hermione Parker writes:

For BIRG Bulletin readers this study is extremely pertinent, for it examines the effects on living standards and work incentives of allowing wives to claim benefits independently of their husbands. Having ruled out splitting existing means-tested benefits as too expensive, the authors examine the following reform options, each based on a guaranteed weekly amount of £20.90 per adult, which in 1990 was the notional income support allowance for a wife:

- Personal support (PS)
- Non-employment benefits (NEBs)
- Basic credit (BC)

Personal support continues the tradition of work-related benefits, but breaks new ground by including specified categories of non-workers and taking the individual as the assessment unit. The disadvantages are increased reliance on means-tested benefits and disincentives for married women considering part-time work.

The NEB option has three sub options:

- NEBs for all non-workers, with half rates for part-timers.
- NEBs restricted to non-earners with children.
- A parental benefit for earning and non-earning parents alike.

The last of these options has the best effect on work incentives for married women, because it is not withdrawn when they go back to work, in other words it is like a BI.

Basic Credit is effectively a partial BI of £20.90 a week. All remaining state benefits are tax free, but all income except the BIs is subject to income tax and national insurance contributions — from the first £.

The personal support option could be paid for by abolishing married couple's income tax allowance, but is more or less ruled out because it involves excessive reliance on means tests and produces disincentives for married women to take part-time work. The non-employment benefit and basic credit options are revenue neutral assuming increases of 1.1 pence and 1.5 pence respectively in the standard rate of income tax.

Having explained and examined these options, the authors reach two main conclusions:

- ...It is possible to introduce a measure of independence to the benefit system without a huge increase in taxation. Contrary to popular belief, any change would tend to transfer income from rich to poor.
 - Current tax and benefit rules offer married women exceptionally favourable incentives to take part-time jobs. Any new benefit paid to non-working married women is bound to reduce their employment incentives. Independent benefits might therefore hinder married women from increasing their independent earnings.
- (JRF Findings p3, my emphasis)

With the first of these conclusions BIRG would agree, but not with the second, for the following reasons:

(1) The BI scheme modelled by Esam and Berthoud is only one of many. Esam and Berthoud charge income tax and NI contribution from the first £ of earned income, resulting in a combined marginal tax rate of 36½%, compared with zero for the first £20 of earned income and 25% thereafter with most other current-generation, transitional BI schemes (see *Analysis of a partial Basic Income*, Tony Atkinson and Holly Sutherland, BIRG Bulletin No. 8; *Citizens' Income*, Philip Vince, BIRG Bulletin No. 11; and *Child benefit, child tax allowances and Basic Incomes*, Hermione Parker and Holly Sutherland, BIRG Bulletin No. 13). No wonder marginal tax rates go up!

(2) Work disincentives have other causes besides high marginal tax rates. Esam and Berthoud concentrate on incentive effects that can be measured using their computer model. Yet other research, notably Bill Jordan's enquiry into the labour-market decisions of families living on an Exeter housing estate (*Trapped in Poverty?* Routledge 1991, see **Books Received**) highlights the disincentive effects of bureaucratic hassle and family-based benefits — two areas where BI would have a major impact. What married women need is a benefit platform on which they can build, and around which they can organise their family commitments — without affecting their husbands' benefit entitlements.

(3) Average figures can mislead. The marginal tax rates quoted by Esam and Berthoud in their comparative tables (e.g. Table 9) are averages based on 'actual' families participating in the Family Expenditure Survey. Certainly the introduction of a BI would increase the marginal tax rates of married women *overall*. But those average figures conceal wide variations, depending on each family's circumstances and the levels of earnings fed into the computer.

To discover the incentive implications of a reform option it is best to use 'model' as well as 'actual' family analysis. Model family analysis involves detailed calculations of the net and disposable incomes of hypothetical families (including those most at risk of the unemployment and poverty traps) before and after a policy change. If devised with care, BI schemes can reduce marginal tax rates at the point of entry to the workforce, indeed that is one of the main objectives of BI, as defined in the inside front cover of every BIRG Bulletin.

To illustrate this point, I calculated five examples of net incomes and marginal tax rates (in October 1991) before

and after introduction of a BI scheme with BIs of £13 per adult per week. This scheme is revenue neutral assuming abolition of the personal income tax allowances and that the BIs are deducted from existing social security benefits. The income tax rate is 25% and there is no change to NI contribution. The first £20 a week of earned income is tax free. The scheme (which includes BIs of £10 a week for children) was costed at the London School of Economics, using Holly Sutherland's tax-benefit model (TAXMOD).

In each case the wife is assumed to earn £50, working part-time. Marginal tax rates vary according to family circumstances, for example whether the husband is in or out of work, and whether he is receiving national insurance (NI) benefits or means-tested income support (IS). For the sake of simplicity, spouses are assumed to share their incomes, and where there is IS they are jointly assessed. They have no children and no housing costs. If the husband is currently receiving NI unemployment benefit, the marginal tax rate on his wife's £50 part-time earnings falls as a result of BI from 50% to 41%, and her net gain from working goes up by £5.40. If he is receiving income support, her marginal tax rate falls from 90% to 87.5%, and her net gain from working goes up by £1.25. If he is in full-time work her marginal tax rate goes up, but so does her net income.

BI and work incentives:

- Example 1:** Existing system, husband unemployed receiving NI unemployment benefit.
Gain if wife works part-time for £50: £24.55
Tax rate 51%
BI system, husband unemployed, each spouse gets a BI of £13 a week, plus residual NI unemployment benefit. First £20 earnings tax free.
Gain if wife works part-time for £50: £29.95
Tax rate 40%
- Example 2:** Existing system, husband unemployed on income support (IS).
Gain if wife earns £50: £5 (i.e. the earnings disregard)
Tax rate 90%
BI system, husband unemployed, each spouse gets BI of £13 a week, plus residual income support (IS). First £20 earnings tax free.
Gain if wife earns £50: £6.25
Marginal tax rate 87.5%
- Example 3:** Existing system, husband in paid work, wife no income.
Net income of wife if she earns £50: £50
Gain: £50
Tax rate nil
BI system, husband in paid work, non-working wife gets her £13 BI.
Net income of wife if she earns £50: £55.50
Gain: £42.50
Tax rate 15%
But she is £5.50 better off than under existing system

Clearly a BI of £13 a week would not overcome the problem of work disincentives. But it would be a move in the right direction. Even a £13 BI would alter the decision-making processes of people at the edges of the labour market. Instead of staying on the dole, each spouse would be more inclined to take part-time work, knowing that the first £20 each of earnings would be tax free, and that coming off income support would rescue them from the work test.

Hermione Parker's book *Instead of the dole: an enquiry into integration of the tax and benefit systems* (Routledge 1989) is available in paperback, price £12.95

Book Review

CHILD TAX ALLOWANCES? A comparison of child benefit, child tax reliefs, and basic incomes as instruments of family policy

Hermione Parker and Holly Sutherland

STICERD Occasional Paper 16, London School of Economics, 1991, pb £5, 145 pages

Jo Roll writes:

Although Parker and Sutherland's book was published in the run-up to the 1991 Budget, and was designed to address the options that were being canvassed at that time, it performs several useful functions which will undoubtedly outlive the context in which the study was set. (The quantitative findings resulting from the computer simulations presented in detail in the book, and the objectives against which they were judged, were summarised in BIRG Bulletin No. 13, and will therefore not be repeated here).¹

Firstly, the book reminds us how tortuous is the history of policy change. Policy proposals have an uncanny way of coming back into, as well as going out of, fashion. And when proposals for reform do eventually reach the statute book, they may take on a markedly different shape from the one originally canvassed.

Child tax allowances were abolished in the UK at the end of the 1970s, when child benefit was phased in. The move had all-party support, so that seemed to be that. However, over the past few years, a number of well-publicised voices revived the idea in one form or another. These included, as the authors of this paper note, Lord Joseph (close associate of Margaret Thatcher and former Cabinet Minister), Frank Field (Labour Member of Parliament for Birkenhead, and a former Director of the Child Poverty Action Group), and David Willetts (Research Director of the right-wing Centre for Policy Studies).

The unfreezing of child benefit, announced in the Autumn of 1990, and the further rise announced in the 1991 Budget, seem to have put a stop to speculation about child tax allowances. But it is interesting to note that the form the child benefit rise has taken — that is, a relatively large rise for the first child and a token rise for subsequent children — does bear some resemblance to the type of child tax allowance David Willetts was proposing.

His proposal is called a *family* rather than a *child* tax allowance by the authors, because it was to be available to all families with children, and would not have varied in amount according to the number of children in a family. This is not to say that Willetts' proposal did underlie the government's new policy on child benefit. Without being on the inside, it is hard to know.

In any case, whether it was his brainchild or not, the concept behind a premium for the first child in a family or, in other words, the idea of a *family premium* clearly

finds favour with the present government. It was introduced into the new Income Support provisions in 1988² and, incidentally, also underlies the much older one-parent benefit, which is paid at the same rate to all one-parent families, regardless of the number of children they have.

The particular proposal made by David Willetts and analysed by Parker and Sutherland was made in 1989 before the new structure of child benefit was announced. It came in two parts. As well as the family tax allowance, it involved removing child benefit from children over five years, and increasing the amount paid for children under five years, possibly to around £15 a week.

Whether the idea of a cut-off point for children under five re-appears in this, or some other form, will be worth watching. It has been canvassed from both right and left of the political spectrum, and it is therefore extremely useful to have a quantitative analysis of what the effects might be.

A second important lesson from this paper is that general reform proposals have little meaning on their own. They, and the objectives which they are designed to fulfil, have to be specified in detail and judged in relation to the overall package of measures which would be in existence, or would be implemented, at the same time.

If child benefit is to be increased, for example, how is this increase to be financed? Through a cut in income tax allowances, a rise in the rate of income tax, or a change in the structure of national insurance contributions ... ? Each of these could have quite a different impact on the end result.

Nor is it only the financing method which can influence the result. The detailed assumptions and adjustments to current policies, to make them fit in with the overall package, also affect the outcome, as can the detail with which the examination is pursued — a point that is well illustrated by the authors' initial discussion of existing child benefit (before this year's changes).

Parker and Sutherland attack the notion that increases in child benefit do not benefit poorer families. They show that at first glance the figures might indeed suggest that about a fifth of child benefit expenditure goes to families with incomes over £20,000 a year. However, once income is adjusted for family size, and net rather than gross income is taken as the measure, the figures show that in 1989-90 less than 4% of child benefit expenditure went on families with equivalised incomes of £20,000 or over (1989-90 figures).

However, in their anxiety to make a point, the authors sometimes overstate their case. For example, although it is true that the impact of a change in child benefit depends on the progressivity of the tax system used to finance it, and, more generally, that it may be useful to view the tax and benefit system as a whole, it is somewhat misleading to say that child benefit "is withdrawn from those parents who do not need it through the income tax afterwards." This sounds as though child benefit were taxed, which it is not.

Similarly, the point that the authors are at pains to make — that it is the constituent elements of a package which add up to produce the total effect of a change in policy

— also applies to their packages, including the adjustments they make to the David Willetts proposal. They are far more explicit than most computer simulators about their assumptions. But it would sometimes be interesting to know what the effect of varying some of the apparently incidental elements of a package would be.

For example, the partial BI and child benefit options are discussed as though like is being compared with like, yet the former assumes that mortgage interest tax relief is limited to the basic rate of income tax and the latter does not. The authors take up this point in BIRG Bulletin No. 13, and show that it does not alter their conclusion that a partial BI would be more redistributive from rich to poor than increased child benefit. However, as they are honest enough to point out in the book, if the child benefit option were combined with tax allowances limited to the basic rate of income tax, that option would become a good deal more redistributive.

Another general point to come out of the book, despite its emphasis on number crunching, is that the quantifiable is not always what counts. This is particularly true of the discussion about work incentives, where the authors argue that labour-market participation may be influenced by factors other than fine income calculations.

Ultimately, the chief value of this book is to throw light on the debate about family income support. Maybe the specific options examined by the authors are those one would choose, maybe they are not. But either way, they move the debate forward.

Jo Roll works at the Family Policy Studies Centre

References

1. *Child benefit, child tax allowances and Basic Incomes*. Hermione Parker and Holly Sutherland, BIRG Bulletin No. 13. August 1991.
2. Income Support, which replaced former Supplementary Benefit in April 1988, is Britain's (means-tested) safety net of last resort.

Books and Papers received

We rely on readers to keep us informed, by sending us research papers and publications on Basic Income (world wide). If you have something you think is relevant, please send a copy to The Editor, c/o BIRG.

Basic Income, a video produced for BIRG by Laurie Wiseman Productions Ltd, ten minutes long, price £6 + £1 postage. This new venture is intended as a discussion-starter for a wide variety of contexts. The presenter is Jenny Murray (of *Woman's Hour*). Evelyn McEwen, Hermione Parker, Malcolm Torry and Sir Ralf Dahrendorf explain the BI concept and its likely consequences, and a variety of case studies draws out the implications of BI for income security, labour market behaviour, administrative simplicity and so forth. BIRG is grateful to the Joseph Rowntree Charitable Trust and the Charities Aid Foundation for funding this production.

Aspects of Basic Income, the first five of a new series of fact sheets about BI are now available from BIRG. These are free of charge, although contributions to the cost of postage would be welcome. The idea is to make available on single A4 sheets introductory information on topics related to BI, for use by discussion groups, students, journalists, politicians — indeed anyone looking for a brief introduction to the subject. The first five Aspects are entitled:

1. What is Basic Income?
2. The Basic Income Research Group
3. Paying for Basic Income
4. The history of Basic Income
5. Basic Income and the labour market

Social Security Policy in Britain, Michael Hill, Edward Elgar Publishing Ltd, 1990, 184 pp. The author, who is Professor of Social Policy at the University of Newcastle upon Tyne, painstakingly analyses the history of social security in Britain from its roots in the Poor Law to the present day, setting out the principal issues, and ending with a chapter in which he starts by assessing the adequacy of the existing system, asks if the Beveridge design is still relevant, and then reviews the three main alternatives: negative income tax, BI, and 'new Beveridge'. Although he is neutral about BI, *there is a sense*, he says, *in which the basic income proposal is Beveridge without insurance and without the controls relating to work. One can see the Beveridge benefits as forms of basic income for the sick, the unemployed and the elderly, and above all of course child benefit is a form of 'basic income' for children. The difference here is that basic income is also available to adults without them having to prove that they are in one of the categories for which existing insurance or contingent benefits are currently available* (page 164). A useful book, full of good background material.

Taxes — Burden or Blessing, Stanley Booth-Clibborn, Arthur James, London 1991, 168 pp, pb £5.95 (see **Book Reviews**).

Newsletter of the Basic Income European Network (BIEN), No. 11, Summer 1991. Published three times a year, this edition has thirteen pages of information about past and future events and publications relevant to BI. For further information contact Walter Van Trier (BIEN Secretary), Bosduifstraat 21, B-2018 Antwerp, Belgium; or David Purdy (Associate Editor), Faculty of Economics and Social Studies, University of Manchester, M13 9PL.

Income Maintenance, Work Effort, and the Canadian Mincome Experiment, Derek Hum and Wayne Simpson, Economic Council of Canada, 1991, available by mail from Canada Communications Group — Publishing, Ottawa, Canada K1A 0S9. Over the years, particularly during the 1960s and 1970s, continuing poverty in the world's richest economies has been the cause of considerable concern. In the U.S.A. it led to the New Jersey and other negative income tax experiments during the 1970s. In Canada it led to the Manitoba Basic Annual Income Experiment (Mincome), which started in 1975 and officially ended in 1979, after which much of the data was stored in archives and not easily accessible. Analysis of the results has been long delayed, due partly to lack of funds. Derek Hum, who has also written about the Macdonald Commission (*UISP and the Macdonald Commission: Reform and Restraint*, Canadian Public Policy Vol XII Supplement, pp 92-100, February 1986) joined Mincome as research director in 1975. This study concentrates on its labour supply effects. Part A looks at labour-supply research data in the United States and Canada. Part B examines labour supply behaviour in Mincome. There is also an update of earlier surveys of the U.S. research, and a survey of the Canadian research, with special emphasis on female labour supply.

Grundeinkommen, zwischen Gesellschafts-veränderung, sozialpolitischer Resignation und Verteilungskonflikt, in *Kurswechsel 1/1991*, journal of the *Beirat für gesellschafts-, wirtschafts- und umwelt-politische Alternativen* (Counsel for Social, Economic and Environmental Alternatives), BEIGEWUM, Mariahilfstrasse 105/2/13, A-1060 Vienna. This issue of *Kurswechsel* is devoted to Basic Income (*Grundeinkommen* in German). Contributors include Georg Vobruba, with a translation into German of his piece *Four good reasons for a basic income*, previously published in BIRG Bulletin No 11, and Philippe van Parijs with a newly-revised version (in English) of his article for the Journal of Social Policy *The Second Marriage of Justice and Efficiency*. Alexander de Roo writes in German and Kees Vendrik in English about the prospects for BI in the Netherlands. Adalbert Evers updates a paper originally presented at the Conference of IRES (Research Centre of the Italian Trade Union CGIL) in Rome in April 1989 (*Changing the Balance: Labour, Work, Needs and Citizenship as Sources of Rights and Incomes*). All the other articles are in German, with the exception of *A Feminist Critique of Paid Volunteering* by John Baldock and Clare Ungerson of the University of Kent at Canterbury, which unfortunately is not about BI. A pity the publishers didn't contact BIRG!

Towards a European Welfare State, ed. Graham Room, SAUS Publications, School for Advanced Urban Studies, Rodney Lodge, Grange Road, Clifton, Bristol BS8 4EA, 1991. Of the eleven authors contributing to this book, only Georg Vobruba (Hamburg Institute for Social Research), Mary Langan (Open University) and Ilona Ostner (University of Bremen) point in the direction of

BI. In **Futures of Work and Security: Trends in the development of wage work and three scenarios of social security in Europe**, Vobruba compares three scenarios for social security and labour market change in the European Community. The first — perpetuation of the status quo — produces high rates of unemployment, and a very unequal distribution of jobs, resulting in a split society. The second — neo-liberal deregulation — assumes minimum income systems with low benefit levels and rhetorical support for different kinds of self-help, resulting in a widening of social divisions alongside a greater range of options for work, and a dual labour market. The third — which assumes introduction of a universal BI — shows structural economic change, but overall activity remaining high. As with neo-liberal deregulation, there is a broad variety of forms of work, but with important differences due BI's risk-bearing effects. BI gives people choices between 'normal' paid work and low or unpaid work, reduces the dominance of wage work, and facilitates economic and ecological modernisation (see also Sylke Nissen in this Bulletin). Mary Langan and Ilona Ostner come close to BI, when they argue for individual assessment units, and against career-based pensions.

Is a Social Charter Necessary? John Ermisch, Social Policy research Findings No. 16. Joseph Rowntree Foundation, The Homestead, 40 Water End, York YO3 6LP, July 1991; and in *The National Institute Economic Review* No. 136, NIESR, 2 Dean Trench Street, Smith Square, London SW1, £17. The Social Charter seeks to prevent countries from reducing their 'social protection' in order to remain competitive. But is social dumping likely? From the evidence available (e.g. in the U.S.A.) it looks unlikely. On the contrary, higher benefits paid for by higher social security contributions tend to be offset by lower wages. Decisions concerning national levels of social protection are best left to voters in each country, for it is they who must pay for the benefits as well as receiving them. Ermisch's study raises issues close to those discussed by James Meade in BIRG Bulletin No. 13 (**Basic Income in the New Europe?**). Is the Social Charter compatible with the subsidiarity principle, according to which *'... anything which can be done well at a lower level should be left to that level and only those things which cannot be done well at the lower level should be assigned to decision and administration by a higher level of authority'* (Meade, **The Building of the New Europe**, Hume Occasional Paper No. 28, p 18).

Why not guarantee a basic income? Meghnad Desai in *Tribune*, 20 July 1991 (copies available from BIRG). Professor of Economics at the London School of Economics, one of Labour's newest peers, and (most importantly) a BIRG trustee, Professor Desai makes a strong case for the Labour Party to support BI. *Not immediately in 1992 but at least by the end of the nineties Labour should eliminate poverty and remove the shame of claiming. This can be done by legislating a basic income guarantee (BIG) ... There are costs here, but they can be defended. We need a much wider debate in the Labour Party on this. It is 50 years since Lord Beveridge's Report. The time is ripe for a change.*

In Search of Flexibility: The New Soviet Labour Market, ed. Guy Standing, ILO, Geneva, 1991. Writing in the *Guardian*, 29 July 1991, Standing put his own views: the Group-of-Seven industrialised countries may offer the Soviet Union an aid package, but in the short

term this is bound to worsen unemployment. A safety net to enable workers hit by structural change to return to the economic mainstream is also necessary. *Sooner or later, the authorities will have to contemplate a simple, universal basic income paid as a right of citizenship, funded in part from the unique proceeds of the prospective privatisation.*

Le revenu européen de citoyenneté, René Passet, Gilles Gantel, Bernard Barthalay, in *TRANSVERSALES Science/Culture* No. 10, July-August 1991, 29 rue Marsoulan, 75012 Paris, price 55F. In the new Europe, a Citizen's Income (CI) would be a big step forward, for it tackles the causes of unemployment, not its symptoms. The articles in this issue of *TRANSVERSALES* open up a discussion which its editors will pursue. **René Passet** (on the editorial board) starts the ball rolling by explaining the ideas behind BI, distinguishing between BI and negative income tax, and summarising the main problems. Assuming BIs of 1,000F (c £100) a month for children and 2,000F (c £200) for adults, and a French population of 56.3 million (nearly 28% of whom are children), he estimates a gross annual cost in 1990 of 1,164F billion. Of this just over 1,000F billion could be financed by withdrawing existing benefits, leaving a deficit of 140F billion, which approximately equals one year's economic growth. **Gilles Gantel** (University of Lyon) proposes a *European Citizen's Income*, to which each individual would be entitled, which would act as a platform for earnings, and which would be financed out of savings on existing expenditure and the wealth created by modern technologies. The basis of entitlement to this income would be citizenship (of Europe). In return the citizen would be expected to participate usefully in society (*sic*). **Bernard Barthalay** (University of Lyon II) examines the problems of implementation. The gulf between the proposed CI and existing systems of means-tested social assistance is huge. Although the guarantee of a means-tested, 'topping-up' income (e.g. France's *revenu minimum d'insertion/RMI*) is a step in the right direction, it is not the goal. It will be for the European Community (through its Parliament and Council of Ministers, advised by the Commission) to introduce a life-cycle CI, without means test, without work test, and linked in amount to the wealth created by the new technologies. Of course this CI will have to start small, which doesn't matter. What matters is to put the New Europe in a position to take advantage of the technological revolution; to reconcile justice with efficiency (i.e. free markets); and to lay the foundations of a lasting peace.

Repenser la Solidarité, editors Yves Bresson and Henri Guitton, Éditions Universitaires, 1991. The authors of this book about the *revenu minimum d'existence* (French equivalent of BI) are members of AIRE (Association for Introduction of the Revenue of Existence), address: Futuribles international, 55 rue de Varenne, 75007, Paris. *The same existence income is payable to every citizen, from birth until death, writes Professor Guitton. Not in order to exist, but because s/he exists. This income is supplemented by an activity income when the person is of an age and capacity to pursue an activity at the heart of society. The amount of the activity income is determined by market forces.*

Fact Sheet on SCHOOL MEALS, Issy Cole-Hamilton with Sue Dibb and Jo O'Rourke, CPAG, 1-5 Bath Street, London EC1V 9PY, September 1991, £3.50. Britain's

school meals service has a history going back over 100 years, but is now under increasing threat. Expenditure in real terms has been halved since 1979, and some local education authorities are now opting out of school meals provision altogether. Where do advocates of BI stand on this issue? If a BI were introduced, should it replace school meals? Or should the school meals service be continued as part of a programme of preventive medicine?

What is a Family? Benefit models and social realities, Jo Roll, Occasional Paper No. 13, Family Policy Studies Centre, 231 Baker Street, London NW1 6XE, 1991, £7.00. See also: **The 'benefit family'**, Social Policy Research Findings No. 19, October 1991, Joseph Rowntree Foundation, The Homestead, 40 Water End, York YO3 6LP. The current diversity of family patterns raises questions about the best way to define 'the family', especially for benefit purposes. Two main assumptions still underlie benefit entitlement: first, that families consist of a breadwinner and dependent/s; second, that entitlement should be linked to work status. Roll's research shows that individual entitlement is unlikely to help those caring for children or disabled relatives without major changes in the basis of entitlement. Isn't this what advocates of BI have been saying for years?

State Bonus, or Basic Income in the Age of Reconstruction, Walter Van Trier, Report 91/261, University of Antwerp. SESO, prinsstraat 13, B-2000 Antwerp, September 1991, 146 pages. This report, which is part of a wider investigation into the origins of BI (see also *Who framed Social Dividend?*, Walter Van Trier, SESO report 89/230) explains in detail the proposals of Dennis and Mabel Milner for a State Bonus. The Milners were Quakers. Their *Scheme for a State Bonus* was published in 1918 by Simpkin, Marshall & Co, and it sounds uncannily like a BI: *It is suggested — (a) That every individual, all the time, should receive from a central fund some small allowance in money, which would be just sufficient to maintain life and liberty if all else failed. (b) That everyone is to get a share from this central fund, so everyone who has any income at all should contribute a share each in proportion to his capacity* (p7).

The Universal Welfare State, incorporating proposals for a Universal Basic Income, Keith Rankin, Policy Discussion Paper No. 12, Economics Department, University of Auckland, New Zealand, October 1991 (see **At Home and Abroad**). The welfare state is not about transferring resources between generations, but about providing all individuals with adequate shares of a nation's income, and investing in economic growth. The provision of a universal BI, financed by a moderately high flat-rate tax, is an effective instrument for distributing incomes in modern industrialised societies. It is fair, administratively efficient and encourages enterprise, freedom of choice and personal responsibility.

Invest in the child and bank on the future, Hermione Parker, *The Guardian*, 23 October 1991. In this short article the case is put for Citizens' (or Basic) Incomes starting at £13 a week for adults and £10 for children. These, says the author, could transform family life. Mothers with young children would find it easier to stay at home. Parents with low earnings potential would find it easier to obtain financially worthwhile jobs, because the wages offered would be additional to their BIs. That said, BI on its own is not enough to combat poverty. Families with children also need access to good quality

childcare, at costs they can afford. Work-related childcare should be tax-free. Employers should be encouraged to provide (tax-free) childcare vouchers, and local authorities should be enabled to open more nurseries.

A Euro-charter for confusion, David Piachaud, *The Guardian*, 13 November 1991. In this article Professor Piachaud, a longstanding opponent of BI, homes in on the inadequacies and contradictions of the Social Charter with all the gusto of a BIRG supporter. *The Charter*, he says, *is the product of a corporatist, employer-trade union mentality which sees work and the world in narrow terms*. And he refers to *the hidden agenda behind the Social Charter: the insiders — prosperous, employed workers of Germany and France — wish to prevent undercutting by outsiders — lower paid, less protected, or unemployed workers from Greece, Portugal or outside the Community*. Europe, he says, needs a coherent social policy. More concrete proposals please!

Independent Benefits for Men and Women: an enquiry into options for treating husbands and wives as separate units in the assessment of social security, Peter Esam and Richard Berthoud, Policy Studies Institute, 100 Park Village East, London NW1 3SR. See also: Social Policy Research Findings No. 18, October 1991, Joseph Rowntree Foundation, The Homestead, 40 Water End, York YO3 6LP, (see **Book Reviews**).

A practical framework for the analysis of social security reform, Andrew Dilnot and Steven Webb, Fiscal Studies Vol. 12, No. 4, November 1991. Social security programmes are typically the largest single item of public expenditure, and their limitations have resulted in many reform proposals. But the situation is confused through lack of a clear analytical framework within which to compare them. Having summarised the limitations of the existing UK social security system, the authors set out to define the features of four alternative systems within a proposed new framework. To do this they select seven main criteria: financing method, degree of unification of the tax and benefit systems, assessment unit, assessment period, methods used to deliver benefit, tax rate structure, and the basis of entitlement. The systems compared are the existing UK system, the reform proposals by Dilnot, Kay and Morris in 1984 (*Reform of Social Security*, Oxford University Press, 1984), the social security proposals in the Meade Report (*The Structure and Reform of Direct Taxation*, Allen & Unwin, 1978); and the Basic Income 2000 proposals by Hermione Parker (*Instead of the Dole*, Routledge, 1989). This approach is not unlike that of Parker in BIRG Bulletin No. 12 (*Terminology*). It is most helpful, and merits further development.

Trapped in Poverty? Labour-market decisions in low-income households, Bill Jordan, Simon James, Helen Kay and Marcus Redley, Routledge, December 1991, 350 pp, hb £40. This book is essential reading for anyone seriously concerned to find a remedy for Europe's new poverty. On both sides of the Atlantic debate has raged about the causes of poverty and the remedies for it, but until now most of the argument has lacked hard data. So it is like a breath of fresh air to read a study whose authors dispense with computer models and airy-fairy moralisation, preferring instead to ask the victims of Britain's tax and benefit systems what they think about it, and how they manage to survive. Thirty-six two-parent families with dependent children and seven lone-parent families, all living on an outer-city council estate in south-

west England, were interviewed in depth. The result is a wealth of sorely-needed empirical data, much of which is directly relevant to tax-benefit reform and BI in particular. Some of the families interviewed already (illegally) use their benefits as if they were BIs — in other words they don't declare earnings of up to £30-£50 a week to the benefit authorities. From which it does not follow that they would approve of BI, because most are as deeply embedded in the traditional work ethic as those who castigate them. For further details, see Bill Jordan and Simon James in BIRG Bulletin No. 11, July 1990 (*The Poverty Trap: poor people's accounts*). Better still, get hold of this book as soon as possible.

Signing on. Britain's only national newspaper for unemployed people, is about to be re-launched (see Phillip Riley in **VIEWPOINT**). Those interested should contact WORKFORCE PUBLICATIONS, 52 Queen's Gardens, London W2 3AA (tel: 071 402 3236 or 071 723 7111).

Viewpoint

Action for the unemployed

Phillip Riley

I support Basic Income (BI) because unemployment in the UK has reached near-farcical proportions, and I can see no other radical solution to it.

As I write (in December 1991) some 2½ million people in the UK are 'officially' out of work. (That means having no work and claiming benefit.) In Western Europe the figure approaches 20 million. In the UK, until two months ago, around 17,000 men and women were coming onto the unemployment register *every week*. In 1990, when the tide was beginning to turn and unemployment started to rise again, the Confederation of British Industry predicted 18,000 job losses *a month*. In fact, the figure topped 110,000 in March 1991. The July rise of nearly 70,000 was the biggest (in July) since the 1930s, and Channel Four news spoke of unemployment on a scale not seen since the Depression years.

The official figures, of course, do not include people who are out of work but cannot claim benefits, or do not wish to do so. Much publicity has been given to the fact that in the last ten years there have been thirty changes to the way the figures are presented. The Unemployment Unit (a research and campaigning body) carries on computing the unemployment figures by the methods used before 1979. Their figure for November 1991 was 3,563,500, compared with the government figure of 2,472,900.

Slowing?

The government has made much of the fact that the unemployment figures for October and November 1991 showed a *slowing down in the rate of increase* (up by 'only' 35,700 and 15,700 respectively, compared to average monthly increases above 60,000 earlier in 1991). But in December the figure went up to 38,500.

The picture of unemployment in the long term remains depressing. City analysts Greenwell Montague expect there to be 3½ million unemployed people before a downturn, which they don't see happening until late 1994. If this happens, it will be worse than the worst-ever unemployment figure so far, which was 3.2 million in 1986.

It is also important to look at where the jobs are being lost. The Amalgamated Engineering Union (AEU) recently did a survey that showed job losses accelerating in certain important sections. In manufacturing industry, for example, losses for the two months to October 1991 were 32,271, compared with 32,518 for the previous four

months. In the West Midlands alone, in the same period, 4,911 manufacturing jobs went — which represents 15% of the total. Bill Jordan, the AEU president, said that claims of an upswing in the economy were false:

We do not want to be pessimistic, but the real truth is that there is actually an alarming acceleration of job losses in manufacturing industry.

The South East in trouble

London and the South East have also suffered badly. Whereas at one time it was possible to claim that "there isn't an unemployment problem in the South" (as my bank manager did, when he couldn't find suitable staff for his bank), it is now generally acknowledged that some of the worst problems are in the Home Counties. For example, even though September's unemployment figures were 'down', *The Times* pointed out that half of them were in the South East. (The September rise, incidentally, though smaller than previous increases, was still the third largest postwar increase.)

I could go on, but statistics eventually become meaningless. Suffice to say that the ranks of the unemployed are swelled each week by the 950 or so businesses that go bust. And there is evidence of an increase in the long-term unemployed (6-12 months), whose numbers went up dramatically in 1990-91. During the previous four years they had remained fairly steady, at 17% of the total, then in 1991 they went up to over 21%. Some people think there is a growing underclass of people who, having lost their jobs, will never work again.

'Signing On'

At this stage, perhaps I should declare an interest. Why am I so interested in the jobless figures?

The main reason is that I ran a newspaper for the unemployed. Called *Signing On*, the paper was launched in February 1988. I had the idea when I myself was signing on after a spell abroad. It suddenly occurred to me that there was no newspaper or other outlet representing the views of all these — literally millions of — people without jobs. Whereas stamp collectors, accountants, nature fanciers and so on all had their own journals, the unemployed had none.

So I determined to start one. I launched it with Molly Meacher, who had just finished running a demonstration called *Hands Across Britain*, in which people linked hands from Liverpool to London to demonstrate solidarity with the unemployed.

Molly had the network and I had the idea for the newspaper, so we joined forces. We tried to give unemployed people news of others in the same boat. It was surprising how many people wrote to say they found it comforting to know they weren't the only ones with those problems: how to structure the day ... where to find the money ... how to stave off depression, even suicide ... how to begin a totally new life, not based on work?

We also gave benefit advice and whatever help and guidance we could on how to deal with the Department of Social Security.

Skills Match

One other way we tried to help was through a project called *Skills Match*. The idea of this was to match the skills of unemployed people to the needs of industry using a computer — rather like computer dating. It made us very conscious of the appalling waste of people's skills and talents. People who were desperate for new outlets included industrial chemists as well as fitters; horticulturalists as well as linguists; sales engineers and management consultants ... you name it, we pretty well had it. There were people at every level, and it was commonplace for them to have applied for hundreds of jobs.

One graduate had been trying for four years, and had never worked. Another man spoke eight languages and found that 'employers didn't want to know'. We built up a huge bank of people's CVs and qualifications. What became clear was how much people wanted to work, and how much they had to offer. The idea that the unemployed are unemployable, or don't want to work, was confirmed as a myth.

Robots

How does Basic Income (BI) come into this? I think one of the first things BI does is to recognise the truth about the present situation, i.e. *that it is unlikely there will ever be full employment again*. At least, not in the old sense.

If recession doesn't see to that, robots, lasers and computers will. Obviously work is getting less labour intensive. You simply don't need such numbers of people as you did — at least not to do the old jobs. The Japanese have even devised a system of sailing ships without crews (which I thought was the *reductio ad absurdum* in a world without people, until I read recently that they also have robots that can play golf and arrange flowers).

Such work as there will be is going to be quite unlike the full-time employment people used to expect. It will be (and increasingly is) part-time, temporary, shared and done by women.

As one BIRG document says:

For Beveridge, full employment meant 'more jobs than idle men'; but today, even in countries with low employment rates, there are falling proportions of full-time jobs for men and rising proportions of part-time jobs for women. Since 1942 the labour market has been transformed.¹

Work these days is often performed under contract, for short periods, with no long-term guarantee. It is also done by people who are self employed and quite often remote from the workplace. The man or woman who sits alone working in the Scottish Highlands need never see an office or factory. The work is done on a laptop computer, and instructions are transmitted by telephone or fax.

Fantasies

What the BI concept does, it seems to me, is to cut through the fantasies that are still disseminated about

employment, and recognise that things have changed. *This involves recognising that people have a right to a certain minimum of existence, whether they can find paid work or not.*

The obvious comparison is with a private income or pension, a kind of modern safety net, below which no one need fall. From such a base people are entitled to go forward and find such work as they can, without penalty, to augment the basic minimum.

Even with a transitional BI (paid to every man, woman and child as BI is phased in), every adult could count on £13 a week, and every child could get £10. These figures are not taken out of thin air; they were calculated at the London School of Economics using a sophisticated computer programme². They refer to the tax year 1991-92 and they assume no change to the rate of income tax. For a family of two parents and two children, the BIs would provide £46 a week with no questions asked. And the BI amounts would obviously increase as the scheme progressed.

The point is that such sums would be paid unconditionally. (The only condition would be citizenship/legal residence.) People would not only be allowed to earn on top of their BIs, they might in time come to derive income from several sources. BIRG envisages that by the year 2050 citizens would no longer be dependent on full-time wages or social security benefit. Instead they could have (for instance) a partial BI, a social dividend (their share of such riches as society creates), a wage or salary (possibly part-time), a share in the profits of the firms employing them, and so on.

BI would bring an end to bureaucratic snooping and means testing. There would be no more ghastly benefit offices, no need to conceal that you were cohabiting (why should you tell them, and who can prove it anyway?). There would be no more poverty traps or unemployment traps, where it is positively to people's advantage to remain idle on benefit rather than accept whatever work they can find.

People would be encouraged to go to work, to supplement their BIs, and to use those skills which we at *Signing On* saw going to waste. Indeed, I think a BI system would positively help to generate work and industry of new kinds, because once people were rewarded rather than penalised for working, they would develop their skills in new directions.

Some might choose to remain idle and live frugally on their BIs, but so what? Millions remain idle at present (or are forced into criminality) by a benefit system that has long outlived its usefulness. With BI people would also, of course, be free to study and train for new occupations, in ways they are prevented from doing at present, as well as taking up voluntary work without penalty.

Truth

Basic Income is based on recognising the truth of the situation, which is that the present armies of unemployed millions cannot be got rid of by vain exhortations to make themselves *available for work* and to be *actively seeking work*, when the whole world knows there isn't any.

As BIRG's new leaflet *Basic Income and the Labour Market* says:

Payment of most existing benefits depends on work status. Claimants must be out of work but available for work, out of work and unable to work, or in lower paid work and with dependent children. With the notable exception of old age pensioners and widowed mothers, working whilst claiming any of the main benefits is a criminal offence ... The difficulty ... is to find a job that pays as much as the dole PLUS income tax, NI contribution, community charge and the work expenses that a job entails. This is the notorious *unemployment trap*.¹

The result is the mass idleness and suffering that the unemployment statistics reflect. We at *Signing On*³ were brought face to face with it daily. With BI the kind of people we saw would regain a certain basic dignity; having the right to an income from the state is not at all the same as having a means-tested benefit delivered through a top-heavy bureaucracy, which is as wasteful as it is offensive.

Beveridge

When the present benefit system was created, the assumption in the Beveridge Report was that government could and would ensure full employment. This assumption has obviously been proved false, not only in the UK in the previous decade or so, but throughout the industrialised world.

BIRG Bulletin Back Numbers

The first two editions of the BIRG Bulletin were in tabloid form. The following, in the current A4 style, are available from BIRG, 102 Pepys Road, London SE14 5SG. In addition to the main articles, there are details of relevant events at home and abroad, book lists, and book reviews.

Bulletin No 3, Spring 1985:

- *VIEWPOINT: A new deal for all*, Keith Roberts
- *Costing Basic Incomes*, Hermione Parker
- *Going, going ... gone: the vanishing right of young people to supplementary benefit*, Douglas Smith

Bulletin No 4, Autumn 1985:

- *Out of touch: The Fowler reforms of social security*, Robert Morley
- *The debate about costings*, Hermione Parker
- *Basic Income and young people*, BIRG Youth Group
- *Exploitation and Basic Incomes*, Bill Jordan
- *VIEWPOINT: A two-tier Basic Income and a national minimum wage*, Robin Smail

Fifty years later, almost all the old assumptions about work have changed. *Should not the benefit system change with them?* I believe that BI is the only scheme available that fulfils all the necessary conditions for a new system. It could bring about radical change, but do so gradually. If such a scheme were introduced we might at last be on the way to a fair division of the riches produced by the new technologies.

We used to hear much talk about a new age of leisure that would be introduced when we had machines to do all the work. Is not such a time approaching? Should we not recognise the changed order and start to spread some of its dividends amongst all the people — not just those lucky enough to find paid work?

Phillip Riley is a member of BIRG's Management Group. He read English and French at Cambridge University and has spent most of his life in journalism and advertising. He has worked for the BBC and been a creative director at Saatchi & Saatchi, and J. Walter Thompson. After launching Signing On in 1988, he launched Jobs in Europe in 1990.

References

1. Aspects of Basic Income No. 5, *Basic Income and the Labour Market*, BIRG 1992.
2. Holly Sutherland's *Tarmod*, STICERD, London School of Economics.
3. *Signing On* was published between February 1988 and July 1990. In view of the gravity of the present unemployment situation, it is to be re-launched.

Bulletin No 5, Spring 1986:

- *Social security, taxation and family financial arrangements*, Jan Pahl
- *Basic Incomes, some practical considerations*, Philip Vince
- *Public support for families with children: a study in British politics*, Sir John Walley
- *Fowler's reform of social security: facts and figures*, Hermione Parker
- *Cash and caring*, R.A.B. Leaper
- *VIEWPOINT: Realistic radicalism*, Malcolm Torry

Bulletin No 6, Autumn 1986

(photocopies only available):

- *A Basic Income for youth*, Paul Lewis
- *Basic Incomes and elderly people*, BIRG Elderly Group
- *Safeguarding social security in the Netherlands*, Jos Dekkers
- *Poverty and Adequacy*, Anne Miller
- *Letter from Andrew Brown*
- *The case for a guaranteed income in France*, Bruno Couder
- *Childminding costs*, Sue Owen
- *Journey-to-work costs*, Martin J.H. Mogridge
- *VIEWPOINT: Service credits: a new currency*, Edgar Cahn

Bulletin No 7, Spring 1988

- *What are Basic Incomes?* Bill Jordan
- *Are Basic Incomes feasible?* Hermione Parker
- *Alternatives to Basic Income*, Fran Bennett
- *The implications of BI for people with disabilities*, BIRG Disability Working Group
- *Removal of private pension tax reliefs: viewpoint from an actuary*, Geraldine Kaye
- *Mutual responsibility*, Malcolm Torry
- *VIEWPOINT: Towards an income and work guarantee*, Peter Ashby

Bulletin No 8, Autumn 1988

- *Defining Basic Income*, Tony Walter
- *Administration of integrated tax/benefit systems*, Herminone Parker and Andrew Dilnot
- *Towards a BI democracy*, David Purdy
- *Analysis of a partial Basic Income*, Tony Atkinson and Holly Sutherland
- *A European guaranteed Basic Income System?* Nel van Dijk
- *VIEWPOINT: 'If any would not work, neither should he eat'*, James Robertson

Bulletin No 9, Spring/Summer 1989

- *Existence income and activity income*, Henri Guitton
- *Can it happen?* Susan Raven talks to Frank Field MP, Archy Kirkwood MP and the Rt Hon David Howell MP
- *Denmark's Basic Pension*, Adam Trier
- *Basic Income in Ireland; the debate so far*, Rosheen Callender
- *Proposals for a Basic Income in the Republic of Ireland*, Chris O'Malley MEP
- *VIEWPOINT: A place at the board*, Kevin Donnelly

Bulletin No 10, Autumn/Winter 1989

- *Topsy-turvy nationalisation*, James Meade
- *Breaking the poverty trap: a Basic Income*, Paddy Ashdown MP
- *Proposals for a guaranteed minimum income in Italy*, Maria Luisa Mirabile
- *Citizenship, Basic Income and democracy*, David Purdy
- *Disability: the independent living fund*, Pauline Thompson
- *Pensions, taxes and welfare*, T.A. Salter
- *VIEWPOINT: Basic Income: value or price?* Conall Boyle

Bulletin No 11, July 1990

- *The Third Age*, Charles Handy
- *The Poverty Trap: poor people's accounts*, Bill Jordan with Simon James
- *Basic Income: alternative benefit or new paradigm*, Joop Roebroek and Eric Hoogenboom
- *Can it happen?* Susan Raven talks to Sally Greengross and Sue Slipman
- *Getting paid for doing nothing: plain justice or ignominy?* Philippe Van Parijs
- *Citizen's Income*, Philip Vince
- *VIEWPOINT: Basic Income and industrial development*, Victor Oubridge

Bulletin No 12, February 1991

- *The Alaska Permanent Fund and dividend distribution programme*, J. Patrick O'Brien and Dennis O. Olsen
- *Terminology*, Hermione Parker
- *Basic Income as a lever for economic efficiency*, Ken Mayhew
- *How much is enough?* Jonathan Bradshaw
- *Towards a full BI*, Greetje Lubbi
- *Can a BI-type scheme be made affordable?* Steven Webb
- *Australia: arguments for Basic Income in a poor-law welfare state*, Peter Travers
- *VIEWPOINT: The rights of children — a justification of Basic Income, hitherto unremarked*, Maire Mullarney

Bulletin No 13, August 1991

- *Solidarity*, Mark Boeuf
- *Basic Income in the new Europe*, James Meade
- *Child Benefit, Child Tax Allowances and Basic Incomes*, Hermione Parker and Holly Sutherland
- *Can it Happen?* Susan Raven talks to Sir Ralf Dahrendorf
- *Income Distribution in Czechoslovakia*, Jiri Vecernik
- *Basic Income, Democracy and the Labour Market*, Georg Vobruba
- *VIEWPOINT: Basic Income: An Inner City Perspective*, Keith Argyle

The views expressed in BIRG Bulletins are those of the authors, not of BIRG.

BIRG forthcoming events 1992

ANNUAL CONFERENCE

Friday 3rd July, 10.30am — 4.30pm, one-day conference at TOYNBEE HALL, 28 Commercial Street, London E1. This year's topic will be *CONTENTIOUS ISSUES*, including:

BI and Europe
BI and unemployment
BI and a national minimum wage

If you plan to come and would like a particular issue debated please contact Malcolm Torry at 102 Pepys Rd, London SE14 5SG.

BIRG MIDLANDS

Friday 13th March, 10.30am — 4.30pm, at Ravensbury House Conference Centre, Edgbaston, Birmingham 15, a round-table discussion on:

THE CONSTRUCTION INDUSTRY AND INCOME SUPPORT

For further information please contact, Conall Boyle, 6 Vicarage Road, Harborne, Birmingham B17 0SP, Tel 021-427 4370.

BIEN conference

BIEN is planning an international conference on Basic Income in Paris on 18th — 19th September. For further details please contact:

M. Yoland Bresson
Doyen de la Faculté de Sciences Economiques
et de Gestion
Paris/Saint-Maur
58, Avenue Didier
F-94210 La Yarenne Saint-Hilaire

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