

Citizen's Income *newsletter*

2017, issue 3

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Disclaimer: Views expressed in this newsletter are not necessarily those of the Citizen's Basic Income Trust

A change of name

The Citizen's Income Trust now has a new name: The Citizen's Basic Income Trust; and it is now a Charitable Incorporated Organisation with a new

charity registration number: 1171533. Other details remain as before: the trustees are the same, the bank account sort code and account number are the same (although the account's name has changed); and the email address and website address remain as before, but they might change later on.

If you have left money to the Citizen's Income Trust in your will then that shouldn't be a problem, but it might be helpful to add a note to the effect that the Citizen's Income Trust's successor organisation is the Citizen's Basic Income Trust.

Editorials

Consensus?

Two recent conferences – the annual Foundation for International Social Security Studies conference in Sigtuna, Sweden, and a sociology of law workshop at Oñati, Spain – shared a significant characteristic. Neither event was advertised as a conference on Citizen's Basic Income, but at both of them the subject was a significant focus of attention. At the FISS conference a well-attended papers session on the subject, along with a keynote address by Philippe Van Parijs, resulted in much subsequent debate; and at the Oñati workshop one paper had a significant section on Citizen's Basic Income (against it), and in another it was one of the case studies, and debate then ensued throughout the event. The same happened at a recent Webb Memorial Trust meeting in London about how practical experience of the social security system might inform policy. None of the three presentations by groups of people who suffer from the social security system discussed Citizen's Basic Income, but during the subsequent discussion the proposal was debated, and then found favour with the presenters, even though what they had asked for was a 'needs-based benefits system'. (For the avoidance of doubt: The Director of the Citizen's Basic Income Trust attended all three of these meetings, the two papers that he presented at the first two treated Citizen's Basic Income as one of a number of case studies, and he did not initiate the discussion on Citizen's Basic Income at any of the three meetings.) The conclusion to draw is that there is now a considerable consensus that Citizen's Basic Income is a serious option for the reform of the benefits system and that the subject isn't going to go away in a hurry.

However, the three presentations at the Webb Memorial Trust event, and subsequent discussion, revealed one serious *lack* of consensus. As Michael Orton, of the University of Warwick, pointed out: in relation to decent housing, the quality and availability

of employment, community facilities, and good quality childcare, there are significant levels of consensus about what is required: but in relation to social security benefits there is no such consensus. Means-tested benefits, social insurance, and unconditional benefits, all have their advocates: and a lack of consensus on the way forward seems to be as deeply embedded as an intuitive attachment to means-testing, a yearning after a revival of social insurance, and serious disagreement about the rights and wrongs of Citizen's Basic Income. But might a new consensus now be emerging? During discussion at both the FISS and Oñati events, and particularly in relation to Philippe Van Parijs's address, there was some recognition that in the medium term at least social security systems would contain three elements: means-tested benefits, social insurance benefits, and unconditional benefits. If instead of asking the question 'Which should replace which?' we were to ask 'How can these three elements best be constructed and then combined?' then at least there could be consensus that we need a mixture of all three elements, and discussion would then be able to ask how each of the three might be constructed, and how they might relate to each other.

We look forward to further debate on that basis.

An increasingly lively debate

An article written by Ellie Mae O'Hagan and published by *The Guardian* on the 23rd June offers a good opportunity to respond to a number of trends in the increasingly lively debate about Universal Basic Income / Citizen's Basic Income.

First of all, the article correctly recognises the increasingly mainstream nature of the debate, and increasing interest in a number of political parties. It correctly identifies some useful initial results from the current Finnish experiment, but it would have been more accurate to call the experiment 'something like a Basic Income pilot'. It calls a new Ontario experiment a 'similar scheme'. It is not. The Ontario experiment is of an income-tested benefit.

But these are minor errors. The article becomes seriously misleading when it claims that there are similarities between a Citizen's Basic Income and Universal Credit. The only connection is the use of the word 'universal': accurate in the context of a Universal Basic Income, but seriously inaccurate in relation to Universal Credit.

O'Hagan finds it problematic that Sam Bowman of the Adam Smith Institute supports Citizen's Basic Income, and she worries that a right-wing version of

it might be possible. There are not different left-wing and right-wing versions of Citizen's Basic Income. There is simply Citizen's Basic Income: an unconditional and nonwithdrawable regular income for every individual. What happens to the rest of the tax and benefits system is a different matter, and proponents of different political ideologies might have different ideas about what the tax and benefits systems ought to look like: but to suggest that it might be a problem that a private company might administer a Citizen's Basic Income entirely misses the point. A Citizen's Basic Income is entirely described by its definition, and the rates at which it would be paid for each age group would be fixed by the government of the day. No ongoing administration of any kind would be required: so whoever administered the system, the CBI would be paid once a week or once a month, at the same amount, to every individual of the same age.

Equally important: it is simply not true that Citizen's Basic Income 'cannot be a progressive initiative as long as the people with the power to implement it are hostile to the welfare state as a whole'. Citizen's Basic Income can be a left-wing policy, a right-wing policy, a progressive policy, a liberal policy, a green policy It is not the possession of any political ideology. It is quite simply a good idea that would provide everyone with a secure financial platform on which to build.

O'Hagan is of course entirely correct to suggest that a wide-ranging debate about the future of the welfare state needs to happen. She is also correct when she writes that Citizen's Basic Income 'has revolutionary potential': but wrong to suggest that it would not have such potential if it were to be 'parachuted into a political economy that has been pursuing punitive welfare policies for the last 30 years'. In precisely such a context it would provide individuals and families with choices that they do not currently have. It would of course be essential to ensure that no low-income household experienced a financial loss at the point of implementation: but as research has shown, it is perfectly possible to achieve this; and as the same research shows, a Citizen's Basic Income implemented in the context of today's tax and benefits system, along with some minor changes to that system, could achieve significant reductions in inequality and poverty at the same time as offering the financial security and new choices that Citizen's Basic Income would automatically provide.

O'Hagan's article is important as it expresses some of the questions that a lot of people are asking. This article offers some responses. We look forward to further debate.

Main article

Unequal Recognition: othering 'the poor' by Ruth Lister

A lecture given at the **Challenging Inequalities Conference at the London School of Economics International Inequalities Institute on the 14th June 2017**

Unequal recognition through the othering of people in poverty represents an important dimension of what has been called relational inequality, and speaks to one of the Institute's three research themes – in what ways does inequality matter? It matters not just because of its material impact on individuals, communities, society and the economy, important as it is, but also because of its psycho-social impact on those who bear the heaviest burden of inequality – what have been called 'the hidden injuries of class'.

The deepest injury of class is lack of or mis-recognition. Recognition has been described by the political philosopher, Charles Taylor, as 'not just a courtesy we owe people. It is a vital human need' that can only be provided by others. As leading recognition theorist Axel Honneth notes, a striving for recognition rises from 'the experience of humiliation or disrespect'. This experience is all too common for people in poverty especially in a highly unequal society.

Before explaining how I've applied the concept of 'othering' to poverty, I'll put it in the context of a relational perspective and in particular what Robert Walker and colleagues have dubbed the 'poverty-shame nexus'. And I'll conclude with some suggestions as to how we might challenge the othering of 'the poor', a term I try to avoid, other than in scare quotes, because in its objectifying and homogenising of people in poverty it contributes to the othering process.

A relational perspective

An understanding of poverty grounded in lived experience brings home how poverty is experienced not just as a disadvantaged and insecure economic condition but also as a shameful and corrosive relation. A relational perspective draws on psycho-social analysis in an attempt to understand what Frost and Hoggett call the 'relational wounds' suffered by the least powerful. Poverty is experienced in relation to others at both the societal and inter-personal level. Those relations are also constituted through other dimensions of inequality, such as 'race' and disability addressed today by John and Liz, but also in particular gender.

Scientific empirical evidence of the relational nature of poverty comes from Walker and colleagues's cross-national study, which found that 'despite massive differences in material conditions, the psycho-social experience of poverty is very similar and is much shaped by the shaming to which people in poverty are exposed and the stigmatizing and discriminatory practices to which they are frequently subjected'. The ubiquity of the 'poverty-shame nexus' supports Amartya Sen's claim that shame and its avoidance lie at poverty's 'absolutist core'.

Othering

Othering is a social process, rooted in relationships of power, through which 'the poor' are treated as different from and inferior to the rest of society. It's a dualistic process of differentiation and demarcation, by which the line is drawn between 'us' and 'them' – between the more and less powerful – and through which social distance is established and maintained. It's not a neutral line, but one imbued with negative value judgements that diminish and construct 'the poor' variously as a source of moral contamination, a threat to be feared, an 'undeserving' economic burden, an object of pity or even as an exotic species to be explored. Broadly, othering condemns 'the poor' for what they do or looks down on them for the qualities or capacities they are considered to lack.

This is all too often reflected in how people in poverty are treated by welfare institutions – schools, social security agencies, social services. An account of a recent participatory project, involving family members of ATD Fourth World, a human rights organisation working with some of the poorest families, observed that 'the othering dynamic actively constructs families involved in the child protection system as "different" from "us", which dehumanizes and reinforces feelings of shame and worthlessness'. The term 'povertyism' is sometimes used to denote how, like racism or sexism, such discriminatory attitudes can become embedded in institutions.

Othering thus makes it easier to blame people in poverty for their own and society's problems so that they themselves become the problem. This fits neatly with the current dominant identification of the root causes of poverty as lying in individual behaviour and capacities rather than structural conditions and processes. As Andrew Sayer explains 'othering is likely to support and be supported by relations of economic inequality, domination and social exclusion and indeed to be stimulated as a rationale for these'.

To the extent that people in poverty's supposed difference is visible – through for instance the symbolic signifier of clothing, first identified by

Adam Smith as such and particularly powerful for children in today's consumer society – othering can be experienced in a very bodily way.

It also operates as a discursive practice, which shapes how the 'non-poor' think and talk about and act towards 'the poor' at both an inter-personal and institutional level. By and large the language and labels used to describe people in poverty have been articulated by the more powerful, thereby denying 'the poor' what Imogen Tyler terms 'representational agency'. In his Australian study of poverty, Mark Peel, reflecting on the pejorative terms used by 'some of our most respectable citizens', concludes that 'to treat poor people so harshly you have to see them as unlike you in a very fundamental way'.

The pejorative terms vary to some extent between countries, reflecting their different historical roots. A particularly influential label, which Britain imported from the US, has been that of the 'underclass'. It carries echoes of the Victorian residuum, which denoted sewage waste as well as the city poor. It's been described as a discourse of 'disgust, excess and waste', which threatens to contaminate the wider society. In her analysis of disgust and its role in the Othering process, Imogen Tyler also makes the link, via the related abusive term 'scum', with the more recent label of chav. Although not quite coterminous with poor, and mired in judgements about consumption and taste, the chav label has been stamped with the mark of the 'underclass'.

These labels have also been racialised in varying ways. In the US, the 'underclass' was explicitly applied to inner-city blacks, supposedly mired in 'welfare dependency' (another dominant derogatory label imported to the UK). In the UK, the underclass and more obviously 'chav', Tyler argues, propagate 'categories of contaminated whiteness', even if the term 'white trash' has not been imported from the US alongside the underclass.

The process of Othering is reinforced and to some extent shaped by political and media discourses. As John Hills put it: 'It's skivers against strivers ... families where three generations have never worked against hard-working families; ... "Benefits Street" against the rest of the country; undeserving and deserving. It's them against us'. The reference to Benefits Street is to a programme, which has come to symbolise what has been dubbed 'poverty porn' TV, in which the lives of people in poverty are dissected and villified as popular entertainment. Even more supportive media representations sometimes serve to widen social distance through a process of

sympathetic othering by emphasising difference or evoking pity.

Dominant Othering representations and discourses don't only influence how the wider society view 'the poor'; they are of course seen and heard by people in poverty themselves. Lisa McKenzie observes of the residents of St Ann's, Nottingham that they 'are fully aware that they are "looked down on", they are "made to feel small" and they are "disrespected"'. The women 'raged at how they were misrepresented within the media, ridiculed, laughed at and hated. They were also hurt by these representations'.

It's perhaps not surprising then that one reaction, identified in a number of studies, is to try to protect one's own identity through a strategy of what Ruth Patrick calls 'defensive othering' whereby it is deflected on to yet others. This is brought out in a German study in which benefit recipients distanced themselves from fellow recipients portrayed negatively in programmes similar in spirit to Benefits Street. By the same token, there is often a reluctance to own the label 'poor', which can itself be perceived as stigmatising. Moreover, poor may well not be part of a person's identity – poverty after all represents a socio-economic position rather than a personal defining characteristic. All these factors make it much harder for people in poverty to resist the process of Othering by turning it into a positive identity in the way that say black or disabled activists have been able to do. Proud to be poor is a banner under which few want to march.

Challenging Othering

This brings me to how the Othering of people in poverty might be challenged, through the development of counter narratives. One, with particular significance for those who write about people in poverty – whether academics or in the media – is through recognition of their agency, which challenges their characterisation as passive objects: be it lazy, welfare-dependants languishing on benefits, or pitiful victims. Of course, agency is exercised within the structural constraints and opportunities that frame people's lives – moreover, one of the insights from Walker and colleagues' study is that the corrosive effect of shaming on a person's self-worth can itself stunt agency. Nevertheless, study after study is testimony to the agency and hard work involved in the struggle to get by in poverty, and I've suggested a taxonomy of other forms of agency deployed by people in poverty.

ATD Fourth World's 'the roles we play' multi-media project and exhibition is an example of an attempt to challenge stereotypes and 'to highlight the efforts and

validate the achievements of people who experience poverty'. Other examples include the Scottish Poverty Alliance's 'stick your labels' campaign, developed with people with direct experience of poverty to challenge the stigmatising myths around poverty. And in Northern Ireland, a collective story-telling participatory research project has helped to counter shame and create solidarities among low income participants.

Solidarity can also be built through a human rights narrative (deployed more successfully hitherto in the US than the UK, perhaps reflecting the influence of the civil rights struggles). I'm not talking about a legalistic discourse, but one which has at its heart the foundational human rights principle of recognition of and respect for human dignity. This speaks to the desire for respect so often expressed by people living in poverty. It also helps to counteract the shame of poverty and strengthen agency. A human rights discourse helps to counter the Othering process because it emphasises what we have in common as human beings rather than what separates us. In the US it has made it easier to develop a collective identity with others living in poverty – the first step to collective challenging Othering and also material inequality.

A human rights approach to poverty includes the involvement of people in poverty in decision-making and debates that affect their lives, in recognition of the expertise borne of experience. And it should inform the ethos of public services delivery to shift them from 'being shame-inducing to dignity-promoting' to quote Walker and Chase. With regard to social security, Scotland is showing the way with its commitment to thread the principles of dignity and respect through its policy-making on social security and to listen to people with experience of the benefits system.

One of the key points raised in response to the Scottish consultation on social security was the need for improved staff training to help change the overall culture. This applies to other services too. For example, ATD Fourth World and Royal Holloway's social work training project involved people with experience of poverty in the training to help social workers better to understand what poverty means and the damaging effects of disrespectful treatment.

Finally, more broadly, I've argued that challenging the Othering of people in poverty must draw on a politics of recognition & respect, rooted in cultural or symbolic injustice, as well as the more traditional politics of redistribution, rooted in the struggle against socio-economic injustice. But whereas a

politics of recognition is typically associated with the assertion of group difference – as say in black is beautiful, or the assertion of disability or gay pride – in the case of people in poverty we're talking about a struggle for recognition of and respect for their common humanity and dignity. Unequal recognition – most acute for the othered 'poor' - is both an injury and an engine of inequality. A politics of recognition thus has a vital role to play in challenging inequality itself.

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News

Recent opinion polls conducted by **Dalia Research** in six European countries have shown that both understanding and approval of Citizen's Basic Income are increasing rapidly, with 63 per cent of polled individuals being familiar with the idea of a Citizen's Basic Income (up 5 per cent on a year previously), and 68 per cent of the sample saying that they would vote for it (up 4 per cent on the previous year). The UK was not one of the countries in which the survey took place, but even if the results were somewhat lower in the UK, which presumably they might be, we can no longer assume that 'most people' think unconditional benefits to be 'unfair'. (*The EU's growing support for Basic Income*, Berlin: Dalia Research, 2017, https://daliaresearch.com/wp-content/uploads/2017/05/basic_income_2017-2.pdf)

The **Institute for Government** has published research that shows that staff numbers at the Department for Work and Pensions have been cut by one third since 2010 (p.4). Among the report's conclusions are the following: 'The number of major projects is still too high, given the challenges government faces and limits on its capacity. Confidence in successful delivery of projects has declined slightly, with ICT and transformation projects generally being riskier than infrastructure ones ... Government is still trying to do too much, and it is extremely difficult to measure its performance, given that ministers have overloaded the Single Departmental Plans with commitments. That said, despite staff and budget cuts, Whitehall departments are still doing what they've always done – advising ministers, developing policy, delivering projects and otherwise getting on with the job. Indeed, the Engagement Index – a useful proxy for organisational health – has risen in nearly every department.' (p.68) (Gavin Freeguard, Robert Adam, Emily Andrews, Adam Boon, *Whitehall Monitor*

2017: *The Civil Service as it faces Brexit*, <https://www.instituteforgovernment.org.uk/publications/whitehall-monitor-2017>)

A **European Commission** research project has published *A Proposal for Voluntary Degrowth by Redesigning Money for Sustainability, Justice, and Resilience*. The report proposes a local Citizen's Basic Income that can only be spent on local produce: 'A policy for purposive de-growth requires a currency system with a different logic, providing market actors with a special-purpose money (SPM) which incites them to purchase commodities embodying local labour, a minimum of transports and GHG emissions, and concern for the local environment. (p.10) <http://fessud.eu/proposal-voluntary-degrowth-redesigning-money-sustainability-justice-resilience/>

Paul Spicker has written an article suggesting a convertible personal tax allowance. 'This is a partly-baked idea, based on reform of the Personal Tax Allowance. It would allow people to take the allowance in cash rather than by setting it against their liability for tax. The current allowance of £11500 is worth £2300 (that is, 20% of the allowance) to everyone who pays income tax. If it was possible to convert it to a cash payment, it could benefit many more people. ...' <http://blog.spicker.uk/flying-a-kite-a-convertible-personal-tax-allowance/>

The **Green Party** published a manifesto before the General Election held on the 8th June: 'Our policies: Take steps towards the introduction of a universal basic income, including a government sponsored pilot scheme, as a means to increase security and avoid the poverty trap. ...' www.greenparty.org.uk/assets/files/gp2017/greenguaranteepdf.pdf

The **European Foundation for the Improvement of Living and Working Conditions** has published a report, *Occupational Change and Wage Inequality: European Jobs Monitor 2017*: 'In 2016, somewhat later than in other developed economies, the EU recovered all the net employment losses sustained since the global financial crisis. Employment growth since 2013 has been only modestly skewed towards well-paid jobs; growth has been robust in low-paid and mid-paid jobs too. Newer jobs are increasingly likely to be full time rather than part time.' <https://www.eurofound.europa.eu/publications/report/2017/occupational-change-and-wage-inequality-european-jobs-monitor-2017>

The **Institute for Social and Economic Research** at the University of Essex has published two working

papers: *Reducing poverty and inequality through tax-benefit reform and the minimum wage: the UK as a case-study*, by Anthony B. Atkinson, Chrysa Leventi, Brian Nolan, Holly Sutherland and Iva Valentinova Tasseva

(<https://www.euromod.ac.uk/sites/default/files/working-papers/em13-17.pdf>) and *A variety of indicators evaluated for two implementation methods for a Citizen's Basic Income*, by Malcolm Torry (<https://www.euromod.ac.uk/sites/default/files/working-papers/em12-17.pdf>). Abstracts are as follows:

***Reducing poverty and inequality through tax-benefit reform and the minimum wage: the UK as a case-study*, by Anthony B. Atkinson, Chrysa Leventi, Brian Nolan, Holly Sutherland and Iva Valentinova Tasseva**

Atkinson's book *Inequality: What Can Be Done?* (Harvard University Press, 2015) sets out a range of concrete proposals aimed at reducing income inequality, which cover a very broad span but include major changes to the income tax and social transfers system and the minimum wage. These are framed with specific reference to the UK but have much broader relevance in demonstrating how substantial the impact on inequality of such measures could be. This paper assesses the first-round effects of these tax, transfer and minimum wage reforms on income inequality and poverty based on a microsimulation approach using EUROMOD. The reforms involve a significantly more progressive income tax structure, a major increase in the minimum wage to the level which is estimated to represent the 'Living Wage', and alternative routes to reforming social transfers – either to strengthen the social insurance element or to restructure the entire system as a Participation Income (a variant of Basic/Citizen's Income). The results show how the first-round effects of either set of tax and transfer proposals would be to reduce substantially the extent of income inequality and relative income poverty and the paper draws out how the two approaches differ in their effects. The additional impact of raising the minimum wage to the Living Wage is modest, reflecting in particular the position of beneficiaries in the household income distribution and the offsetting effects on household income of the withdrawal of means-tested cash transfers.

A variety of indicators evaluated for two implementation methods for a Citizen's Basic Income, by Malcolm Torry

Debate about Citizen's Basic Income – an unconditional and nonwithdrawable income for every individual – is shifting in character. An earlier phase related to the proposal's desirability; then followed debate about its feasibility; and now attention is turning to questions of implementation. A significant symptom of this new phase is the recent consultation on implementation of a Citizen's Basic Income held by the Institute of Chartered Accountants in England and Wales. The consultation considered four implementation methods. This working paper operationalises characteristics of two of the implementation models in terms of changes that might be required in existing UK tax and benefits systems. It evaluates the implementation methods in relation to a wider variety of indicators than previous exercises of this kind: poverty and inequality indices, tax rate rises required for revenue neutrality, household disposable income gains and losses, households' abilities to escape from means-testing, and marginal deduction rates. The advent of EUROMOD G4.0+ and updated FRS data enables the results to be more up to date as well as more comprehensive.

Viewpoint

Helicopter money and a basic income

By Rachel Oliver

How the Bank of England might create new money to pay into the economy as a Basic Income

In televised debates during the recent general election campaign, several politicians made reference to there being no "magic money tree". When in fact, there sort of is. This, together with a survey in 2014 that showed that only one in ten MPs know where money comes from, exposes a huge education gap amongst our most powerful elected officials, on one of the most important aspects of our economy: money supply.

Money is something that is often taken for granted, but in fact how it is created and allocated is a political, cultural and economic choice - with huge implications for our society. Most people - including economists, politicians, and journalists - do not know where money comes from, and are shocked when they find out. There's a proverb that says: 'The fish is

the last to know water.' Money is all around us, playing a role in almost everything we do, yet it can be difficult to pin down. We are swimming around in a society that depends on money—that's become obsessed with money—but few of us know where it comes from or how it works.

Currently, private commercial banks create most of the money in our economy when they make loans. This money is simply created out of thin air, typed into a computer. And since it is created as a loan, it means that for every £1 in our economy, there is also £1 of debt.

Furthermore, 82% of the newly-created money by private banks is lent into the financial and real estate markets. But most of us only operate in the real economy - businesses, shops, jobs - where only a small amount of bank lending goes. So most new money created reaches only a very small number of people in society - the richest.

Along with private banks, the Bank of England also has the power to create money in our economy. In fact, when asked to guess, most people think money comes from the central bank. But this only accounts for roughly 3-5% of the money circulating in our economy - the notes and coins in our wallets.

But after the financial crisis, and again after Brexit, the Bank of England started a money creation programme worth billions of pounds to try and help the economy resist any shocks. The Bank has created a total of £445bn in this way, and decided to spend it into the financial markets. This is known as Quantitative Easing, or QE.

And the impact of QE? Like most private bank lending, it simply pushed up property prices and stock markets, making the richest 5% £125,000 richer, and barely reaching the real economy and most people in society.

This is the crux of the Positive Money argument. Known as monetary financing, we argue that there is no reason why the £445bn of new money created by the Bank of England through QE should not be directed to the real economy. This would go much further to boost wages and create jobs. The Bank of England has the power to create money and spend it on things society needs. Forward-thinking economists are gathering around two main ideas for how this money could be spent into the real economy.

The first is via government spending on infrastructure. The Bank of England would give new money to the government who would spend it on infrastructure needed in society: for example,

affordable homes, a green energy programme, or schools and hospitals.

The second method has been termed 'helicopter money', where every person in the UK receives money directly from the government. This could be done in a number of ways. For example, it could be facilitated by HMRC through tax, or the government could enable a digital cash transfer to every person in the UK. If the £445bn created by QE were to be spent in this way, then every man, woman and child in the UK would have received £6000. And research shows that this method would have been up to 14 times more effective than QE at boosting GDP.

Positive Money argues that monetary financing should be ongoing, and that when the Bank of England's Monetary Policy Committee meets every month to set interest rates and consider doing more QE, they should scrap QE and instead consider how much new money to create for the real economy.

Helicopter money can be confused with another policy, known as Universal Basic Income. They are two related proposals that have gained a lot of attention over the last year.

The difference between a universal basic income and a helicopter money cash transfer to households, is that helicopter money is a solution to broken monetary policy and challenges the idea that we should ever have a recession. It also takes us a step towards radical reform of the monetary system. The amount given out to households, and the timing of it, would vary depending on the needs of the economy. Universal basic income, however, is a solution to problems of social security, work, and brings forward the idea of economic rights. It would be a fixed amount of money transferred regularly to individuals.

Positive Money's role in the basic income debate is to debunk one of the main arguments often used against the idea of a universal basic income. That is: 'we can't afford it', or where would the money come from?'. Because if the government decided it wanted to provide a universal basic income, it could. Much work has been done to show that a low-level basic income would be affordable based on current government tax income. And we have shown that the state could fund part of a universal basic income through monetary financing, or 'helicopter money'. Once you understand where money comes from, the lack of money argument does not stand up.

Positive Money has always argued, however, that it would be dangerous to fund a universal basic income entirely through helicopter money, because the latter is a monetary policy tool, focused on financial

stability and keeping inflation stable, so the amount created each month would vary. And this would be no good for a basic income, because people would rely on a basic income for their basic needs, so it needs to be constant and certain, and not dependent on the macroeconomic outlook of the economy. But, monetary financing could form part of the initial funding solution for a universal basic income, whilst we transfer to such a system. Government income from taxes could and should form the majority of the funding.

There is huge misunderstanding around how money is created, and the idea that it's a finite resource. Positive Money does research and campaigns for a money and banking system that supports a fair, democratic and sustainable economy. We don't have all the answers, but we believe a significant issue is how money is created. Currently it's being created in the interest of private banks, and keeping stock prices and property bubbles pumped up. Instead, money should be created in the public interest and spent in way that is beneficial to all of us. If the government knew how to and wanted to, it could build enough affordable homes, transition to a greener economy, and build a fairer society.

You can read more about Positive Money's campaign and research agenda at www.positivemoney.org.uk

Book reviews

Luke Martinelli, *The Fiscal and Distributional Implications of Alternative Universal Basic Income Schemes in the UK*, Institute for Policy Research, 2017, 70 pp, pbk, free to download at <http://www.bath.ac.uk/ipr/policy-briefs/working-papers/the-fiscal-and-distributional-implications-of-alternative-universal-basic-income-schemes-in-the-uk.html>

This report is the first major publication from the Basic Income research project at the Institute for Policy Research at the University of Bath: and it is a most useful contribution to the increasingly widespread debate about Basic Income.

Basic Income is correctly defined; reasons for seeking the establishment of a Basic Income are briefly discussed; and the report then launches into its main subject-matter: a study of a variety of illustrative Basic Income schemes, with different levels of Basic Income and accompanied by different rearrangements of the existing tax and benefits systems.

The report presents microsimulation results relating to what the author calls 'full coverage' schemes – that is, Basic Incomes for everyone, with four different levels of generosity, and four different rearrangements of the tax and benefits systems for each level of Basic Income. It then offers results for 'partial coverage' schemes: that is, Basic Incomes for particular age groups – a Citizen's Pension, Child Benefit Plus, a Young Adult's Income, and a Third Age Income. For 'full coverage' and 'partial coverage' schemes net costs are calculated. Finally, the report calculates the increases in Income Tax rates required to make a series of illustrative schemes revenue neutral. The report correctly identifies the only permissible conditionality as that of different levels of Basic Income for different age groups, but unfortunately then adds disability premiums. This would compromise the simplicity of the Basic Income, and would require the incomes to be actively administered by a bureaucracy. The temptation should be resisted.

The research project employed the IPPR's microsimulation programme to test this variety of schemes, and the report lists a number of results for each of the schemes: revenue implications for each of the 'full coverage' and 'partial coverage' schemes in which Income Tax rates remain as at present; tax rate increases required for the revenue neutral schemes; and, for all of the schemes, implications for levels of poverty and inequality. For the revenue neutral schemes, the author includes tables and graphs showing average gains and losses by income quintile, by household type, by number of children, and by labour market status.

In his conclusions, Martinelli regrets that microsimulation is a static model, in the sense that it cannot report on changes in labour market activity that would follow the implementation of a Basic Income. He promises further work on this, and we look forward to seeing that. Modelling changes in labour market activity is far from easy. Theoretical models are precisely that, and cannot capture the complexity of labour market activity. Although there are empirical results that might suggest the ways in which labour market activity would change if a Basic Income scheme were to be implemented, the only genuine Basic Income pilot projects so far undertaken have been in developing countries and so cannot predict behaviour change in the very different labour markets of developed countries. The only way to discover how labour market activity would change on the implementation of a Basic Income is to establish a Basic Income.

A useful section of the conclusions contains graphs showing changes in inequality and poverty indices in relation to fiscal cost for the different schemes. Martinelli employs these results to ask whether the schemes offer value for money: but more important than this kind of analysis is table 6 in section 5 of the report, which shows changes in poverty and inequality indices for revenue neutral (i.e., zero net cost) schemes. To reduce poverty and inequality at no net cost is surely the holy grail of social policy: and there are Basic Income schemes that can achieve this.

At the beginning of the report Martinelli suggests that trade-offs are inevitable: for instance, a scheme that abolished means-tested benefits would offer simplicity of administration but would impose losses on low-income households, whereas a scheme that retained and recalculated means-tested benefits would avoid such losses but would sacrifice simplicity and would not abolish poverty and unemployment traps (p. 6). What the report does not offer is detail: and it cannot, because it does not contain the necessary statistics, and presumably the project has not calculated them. A scheme that retained and recalculated means-tested benefits could still float a lot of households off means-tested benefits, and would ensure that everyone on means-tested benefits would end up on lower amounts of them, thus providing households with a greater opportunity to come off means-tested benefits. For all of those households, greater simplicity would be achieved, and the poverty and unemployment traps could be abolished. Trade-offs need to be studied in relation to individual households and not just in relation to the overall structure of a scheme. So what we need to see is the number of households that would find themselves no longer in receipt of means-tested benefits (including Tax Credits and Universal Credit) and the number of households whose Basic Incomes would reduce their means-tested benefits claims to negligible amounts. Research using the EUROMOD microsimulation programme at the Institute for Social and Economic Research shows that it is possible to generate the information required.¹

¹ Malcolm Torry, *An evaluation of a strictly revenue neutral Citizen's Income scheme*, Colchester: Institute for Social and Economic Research, 2016, EUROMOD Working Paper EM5/16, <https://www.iser.essex.ac.uk/research/publications/working-papers/euromod/em5-16>; Malcolm Torry, *Citizen's Income Schemes: an amendment, and a pilot project - addendum to EUROMOD Working Paper EM5/16*, Colchester: Institute for Social and Economic Research, 2016, EUROMOD Working Paper EM5/16a, <https://www.iser.essex.ac.uk/research/publications/working-papers/euromod/em5-16a>

Another vital set of statistics is also missing. The report gives us lists of *average* household gains and losses. This is not adequate. Averages can hide significant variations: so an average gain for low income households can mask some sizeable losses for rather a lot of households, which would render a scheme infeasible. What we need to know is precisely how many low income households would suffer losses of 5%, 10%, etc.. The EUROMOD research mentioned above shows that such results can be achieved, and also that minimal losses can be achieved if means-tested benefits are retained and recalculated, but not otherwise. We need to see such information for the schemes tested by the IPR.

But having pointed out some omissions (which we hope to see rectified in further reports from the IPR), it needs to be said that this is a most useful report. Where an IPR scheme is broadly similar to a scheme tested using EUROMOD the results are broadly similar, which is encouraging; and the report provides useful information as to the kinds of scheme that deserve further research, and the kinds of scheme that don't.

We look forward to seeing a lot more useful research from the IPR.

Luke Martinelli, *Exploring the Distributional and Work Incentive Effects of Plausible Illustrative Basic Income Schemes*, Bath: Institute for Policy Research, free to download at www.bath.ac.uk/ipr/publications/reports/work-incentive-effects-on-basic-income.html

This second paper from the Institute for Policy Research's project on Citizen's Basic Incomes builds on the first paper, *The Fiscal and Distributional Implications of Alternative Universal Basic Income Schemes in the UK*, by exploring further the distributional effects of illustrative schemes, and also by evaluating marginal deduction rates, i.e., the extent to which additional earned income fails to become additional disposable income because benefits are withdrawn and earned income is taxed. (The paper employs the terminology of 'participation tax rate' (PTR) for the marginal deduction rate as it relates to individuals not initially in paid employment, and 'marginal effective tax rate' (METR) in relation to individuals already in paid employment.)

The paper explores these and other indicators for three different Citizen's Basic Income schemes:

- Model A sets the working age Citizen's Basic Income at a value equal to that of the cash value of the Income Tax Personal Allowance, and the scheme retains and recalculates means-tested benefits. (This scheme is the most similar to the scheme evaluated in recent Institute for Economic Research working papers and in the Citizen's Income Trust's 2017 introductory booklet. The major dissimilarity is that model A is not designed to be revenue neutral);
- Model B sets the working age Citizen's Basic Income at a value equal to existing benefits, and abolishes most other benefits;
- Model C sets the working age Citizen's Basic Income at the level of existing benefits, and adds premiums for individuals with disabilities. As with model B, most other benefits are abolished.

The paper fills a gap left by the previous paper by evaluating the numbers of households experiencing gains and losses of various levels. The previous paper had published aggregate gains and losses, but aggregates can mask significant gains and losses among low-income households. A useful new addition to our understanding of different models is the tables showing gains and losses experienced by different family types, and by families with different labour market statuses. A drawback of the research is the fact that model A is not revenue neutral whereas models B and C are. This means that the result that model A avoids significant losses among low-income households, and imposes few significant losses on households in general, whereas models B and C would impose significant numbers of large losses on low-income households, might be as much to do with the additional revenue as with the model's structure. It would be useful to see results for a revenue neutral version of model A, as this would enable a more useful comparison with results for models B and C.

Because model B abolishes most existing benefits, its implementation could leave people with disabilities worse off: hence the addition of disability premiums in model C. Unfortunately these would compromise the unique administrative simplicity of the Citizen's Basic Incomes. The temptation should be resisted: and if it were then model C would become model B, people with disabilities would suffer significant losses, and model A would be the only model that would not impose such losses. The report's results for the different effects of the three models on people with disabilities is complemented by results on the three models' effects on people by gender.

As well as evaluating the numbers of gains and losses at particular levels of average loss or gain, the paper

also evaluates participation tax rates (PTRs) and marginal effective tax rates (METRs) for the three models, in relation to breadwinner status, income quintiles, labour market status, and means-testing status. A detailed section of the report intelligently explores the complex issue of the effects that a Citizen's Basic Income might have on employment market behaviour. Perhaps it does not recognise sufficiently that PTRs and METRs can only function as a very approximate proxy for employment market disincentives: but it does recognise that the project only captures the incentive effects of the reductions in PTRs and METRs, and not the possible disincentive effects of providing an unconditional income. Having said that, the results that Martinelli has obtained are significant:

We find that on average, PTRs and METRs increase as a result of all three illustrative basic income schemes, a consequence of tax increases and the elimination of the personal allowance. However, this does not mean that the schemes modelled here would necessarily have negative consequences with respect to labour market participation. We find that the lower income quintiles, workless households, and households in receipt of at least one means-tested benefit, tend to contain larger proportions of households facing improved PTRs. It is highly plausible that the effects of stronger work incentives on particularly sensitive groups may outweigh the more generalised effect of weaker work incentives over the wider population. (Abstract)

Martinelli recognises, of course, that research results of the kind found in his paper are not all that there is to be said. A Citizen's Basic Income would not only have distributional and employment market incentive effects: it would also offer

basic income security as an unconditional right, without fear of sanction or stigma; improved protection in the face of increasing labour market precarity and irregular employment; and the strengthening of workers' bargaining position due to the presence of a (partial) exit option. (p. 51)

The concluding section also explores two 'normative/ethical' arguments relating to the justice or otherwise of paying an unconditional income regardless of social contribution, and the wisdom or otherwise of paying an income unrelated to need. It would be difficult to argue with Martinelli's concluding paragraph:

Advocates for basic income must address these normative and theoretical issues as well as make

a robust case on the political and institutional feasibility of specific basic income schemes with respect to costs and distributional implications. Whether there exists a basic income scheme able to generate sufficiently broad support in the UK – given the demographic groups opposed on the grounds of self-interest, and given the complex normative trade-offs involved – is an open question. (p. 52)

This paper has filled some significant gaps left over by the IPR's previous paper on the subject. There are still gaps, of course, as there always are: and in particular it would be useful to see results for a model A scheme that raised Income Tax rates so as to achieve revenue neutrality. It would also be useful to see how many households would be taken off means-tested benefits by model A, or would find themselves close to being taken off them. Whether any of the three schemes would make an impact on the number of Housing Benefit claims would also be useful to know.

This is a most useful paper, and we look forward to further useful results from the IPR's Basic Income research project.

Karl Widerquist and Grant S. McCall, *Prehistoric Myths in Modern Political Philosophy*, Edinburgh University Press, 2017.

This book can be downloaded free at <http://open.org/search?identifier=625284>

This book, by a philosopher and an anthropologist, has an agenda: to debunk the idea that everyone is better off in societies with state institutions and private property than they would be in stateless societies and without private property rights. The point is constantly made that such a claim requires empirical evidence, and it is to the task of evaluating the evidence that the authors commit themselves.

Following an introductory chapter, chapter 2 explores the ideas and methods in political philosophy and anthropology on which the rest of the book is based; and chapter 3 discusses modern social contract theory and Hobbes' contribution to it: the idea that without a governing authority, societies 'in the state of nature' are anarchic and violent: so society's members grant authority to governing institutions in order to reduce the risk to their lives. The authors define 'contractarianism' as 'theories justifying government sovereignty with a contract device involving a comparison between the state and the state of nature' (p. 28). By the end of the book they find such theories to be insufficiently evidence-based.

Chapter 4 finds Locke using similar presuppositions to support property rights; the following three chapters find similar ideas in circulation during the last three hundred years; chapter 8 finds anthropologists abandoning the Hobbesian hypothesis; chapter 9 finds stateless environments to be not necessarily intolerably violent; chapter 10 employs anthropological and archaeological evidence to cast doubt on Hobbes' hypothesis; and chapter 11 finds private property and the state to be unjust unless they mitigate the harm that they do to the least advantaged members of society. The authors propose that we should take Hobbes' and Locke's hypothesis not as a statement of fact – that everyone is better off in a society with state and private ownership institutions – but as a promise and a task: that everyone *will* be better off in a society with state and private ownership institutions. They propose a Basic Income to ensure that this will be the case (pp. 243-4).

The reader will need to cope with some complex philosophical ideas, but the effort will be worth it. It is always worthwhile to see deeply embedded presuppositions questioned on the basis that there is little evidence for them.

Gerry Stoker and Mark Evans, *Evidence-based Policy Making in the Social Sciences: Methods that matter*, Policy Press, 2016, xii + 312 pp, hbk, 0 4473 2936 7, £75, pbk, 0 4473 2937 4, £26.99

This book by Australian and UK social scientists began life at a conference in February 2015: so the first cause of congratulation is that they finished their work so quickly, and that the Policy Press took only six months to publish it. Co-ordinating a multi-author work of this kind is not easy: so the second cause of congratulation is that the book reads as a coherent whole.

The editors' introduction discusses the rise of the social sciences, and the importance of employing a variety of different methods to inform policy discussion. (It might have been better to treat surveys and cost benefit analysis constructively as elements of the required diversity than to criticise them for some of their practitioners' overreliance on them. 'Surveys' ought at least to have had an index entry.)

In the first part of the book, the editors suggest that barriers to evidence informing policy-making are an inevitable part of the policy process. However, social scientists can help to remove those barriers by understanding the diversity of what the social

sciences can offer, by paying attention to the way in which research results are communicated, and by understanding the needs of policy-makers and then choosing the most appropriate research results to offer.

The second part of the book is entitled 'Tools for smarter learning'. Chapter 3 finds that systematic reviews of both social science research and the policy process can fulfil a range of purposes and exhibit a range of methods. Chapter 4 finds that randomised controlled trials are both more common and more valued than they used to be. Chapter 5 describes qualitative comparative analysis (- a formal method for studying the different outcomes that a policy change achieves in different places). In chapter 6 narrative and storytelling are recognised as important elements of the policy process; and chapter 7 explores the role of visuals in communicating evidence. This second section of the book is perhaps more diverse than the other sections of the book, containing as it does both discussions of social science methods and methods of bridging the gap between research results and the policy process.

The third part of the book is more consistent as it studies a variety of research methods that employ large datasets. Chapter 8 discusses sources of 'big data' and some of the ways in which they are analysed; chapter 9 discusses cluster analysis and its policy usefulness. Chapter 10 discusses microsimulation: the use of a computer programme and a large dataset to discover the likely consequences of making a change in either the structure of a social policy or its calibration.

The fourth part of the book studies the ways in which the general public can participate in policy-making and in related research. Chapter 11 outlines different methods of 'citizen social science'; chapter 12 discusses the ways in which members of the public might be involved in the policy process; and chapter 13 offers examples of 'co-design', where a number of stakeholders work together on policy design.

The editors' concluding chapter revisits the barriers between social science and social policy, and makes suggestions for ameliorating them:

- a shift in mindset towards seeing evidence and politics as mutually reinforcing;
- the employment of methods that matter to the policy profession;
- a more interactive relationship between research and policy formulation;
- roundtable discussion, innovation intermediaries, and secondments;

- incentives to engage in applied research; and
- the involvement of practitioners into social science research.

A discussion of politicians' deliberate misuse of research results might have been helpful (- the Citizen's Income Trust's research results were abused during a Westminster Hall debate on Universal Basic Income on the 14th September 2016) - a practice that damages both policy-making and the academy. But in general this is a most thorough and most comprehensive treatment of the subject. The chapters are well constructed, and most of them outline both the strengths and the weaknesses of the methods that they discuss.

This is an important book. University-based researchers, think tank staff, and policy makers, all should read it and follow its suggestions.

Ruth Patrick, *For Whose Benefit? The everyday realities of welfare reform*, Policy Press, 2017, xiv + 255 pp, pbk 1 4473 3348 7, £24.99

As Ruth Lister's foreword to this book points out, punitive sanctions and increasing conditionality are eating away at the public legitimacy of social security benefits, and the constant use of the term 'welfare reform' functions as a statement that there is something wrong with 'welfare', which along with 'benefits' is now used to define an underclass - 'skivers', as opposed to 'strivers' - rather than expressing the wellbeing of society as a whole. Lister is particularly scathing about a means-tested benefits system that seriously disincentivises second earners in the employment market, and calls for 'a social security system that provides genuine security as part of our common citizenship' (p.xiv).

The first chapter of Ruth Patrick's book is a somewhat theoretical discussion of the idea of citizenship, but it usefully distinguishes between citizenship as experienced by her interviewees (often a shadow of the social citizenship that T.H. Marshall described), and citizenship 'from above': a contractarian notion that assumes a two-tier citizenship of taxpayers and benefits recipients. Chapter 2 provides a useful description of the ways in which social security benefits have been reformed, of the accompanying framing of social security benefits as problematic, and of the increasing emphasis on conditionality (now extended to in-work benefits) and of a constantly reiterated distinction between deserving and undeserving groups in society: a

distinction reinforced by television programmes about benefits recipients.

The following chapters record interviews conducted with benefits claimants across a five-year period, creating a more dynamic understanding of people's relationships with the benefits system than a snapshot could achieve. Chapter three introduces the interviewees and explains how and why individuals find themselves in receipt of benefits. In the words of the interviewees, the chapter expresses what a life on benefits is like. It's hard work. Chapter 4 studies interviewees' relationships with employment, and finds a ubiquitous 'low pay, no pay' cycle, with all the hard 'work for work' that that entails. The message is the same as in John Hills' *Good Times, Bad Times*: the strivers/skivers distinction is a myth.

Chapter 5 records interviewees' experience of sanctions, tests for disability, and the bureaucratic control that can destroy a sense of agency, when it is precisely a sense of agency that is required for success in employment. Particularly telling is the section on claimants' attempts *not* to change their circumstances, because doing so could put their benefits at risk. Chapter 6 describes the stigma that results from the demeaning rhetoric inflicted on benefits recipients, claimants' internalisation of the 'scrounger' narrative, and the tendency to regard other groups of claimants as less deserving. Chapter 7 studies the trajectories experienced by the interviewees, and finds that, whether in or out of employment, they have remained in poverty, and have remained anxious about the insecurity of both 'social security' and employment.

The final chapter concludes that the dominant narrative about distinct groups within society bears little relation to the lived reality of 'fluid and repeated movements between low-paid employment and benefits receipt' (p.197). Patrick finds that sanctions destroy the self-esteem required for success in employment, ignore a ubiquitous work ethic, and compromise the kinds of supportive relationships between Jobcentre staff and claimants that might assist people into employment. 'Work-related welfare conditionality needs to be reconsidered' (p.200). She asks that employment should be reformed so that finding a job is always an escape from poverty; that social welfare should be reframed, as all of us are dependent on various forms of it; and that social security should be precisely that.

Given the book's deep understanding of the problems facing our social security system, it is something of a surprise that the only suggestion for its reform is that we need 'a revitalised and improved social security

offer' (p.214). So here is a suggestion: that Ruth Patrick should re-interview her interviewees and put to them a series of options for benefits reform – genuine reforms of the structure, rather than modifications of the current structure. One of those options should be a Citizen's Basic Income, carefully explained. If she were to exercise her considerable skills on this new project in the same way that she has exercised them in the project described in the current volume, then the resulting book would make a worthy companion to the book under review.

Rutger Bregman, *Utopia for Realists: And how we can get there*, Bloomsbury, 2017, pp 316 1 4088 9026 4, hbk, £16.99

As the title suggests, this book is both hopeful and realistic. In chapter 1 it charts the progress that we have made in tackling poverty during the past two hundred years and explores some of the downsides of progress: for instance, most people are no longer hungry, but too many are obese; and there are still far too many people in poverty. We're still waiting for utopia.

Bregman then launches into his advocacy for 'free money': or does he? There is plenty of vivid description of experiments in various parts of the world, but rather too many of the payments in those experiments come with conditions attached: the requirement to report to social workers, the requirement to create a business plan – or the payments are reduced as earnings rise. This is not 'free money': it is conditional money. The difference is important. When Bregman introduces the term 'basic income' he envisages 'an additional allowance for ... the unemployed, and those unable to work' (p. 34). This is not a Basic Income. And when he enthuses over the Canadian Mincome experiment, the Seattle experiment, Richard Nixon's proposals, and the current Canadian experiment, he does not recognise that it would be better to describe these as income-tested benefits, or as guaranteed incomes, than as Basic Incomes. If Bregman wishes to use a term to mean something other than what it usually means then that would be legitimate if he were to offer good arguments for doing so: but he does not, and he never takes the trouble to distinguish between Basic Income (an unconditional and nonwithdrawable payment for every individual); Negative Income Tax (paid by the employer if someone's wages fall below a tax threshold); and an income-tested benefit (which brings a household's net income up to a prescribed level). And neither does he distinguish between varying annual dividends and regular equal payments.

The behaviours of these different social policy instruments are very different from each other, and great care needs to be taken to distinguish between them.

There is much more than Basic Income in this book. Bregman discusses realistic ways of tackling homelessness; he advocates more open borders as a way of tackling global poverty; he prefers a 'dashboard' approach to GDP for measuring national product; and he wants to see someone's pay reflecting the social value of their work. When Bregman advocates a shorter working week he does not recognise that a genuine Basic Income would help this to happen, but he does see that both Basic Income and a shorter working week would facilitate the transitions required by the Second Machine Age.

There is much well-evidenced wisdom in the book: for instance, that poverty reduces cognitive ability, as does having to cope with complex bureaucracy, so the poor become poorer; that bureaucratic 'activating' policies trap people in poverty; and that to attach work conditions to benefits can turn populations against the welfare state. However, in a book that advocates random controlled trials and asks that presuppositions should be carefully questioned, the author somewhat inconsistently assumes that correlation between income inequality and various other social ills implies that income inequality causes those other social ills, when it is just as likely that a variety of factors are causing both income inequality and other social problems; and the rather chaotic way in which terminology is employed in relation to cash transfers of various kinds means that the evidence gained from a variety of different experiments cannot with any confidence be employed to argue for a genuine Basic Income, for a Negative Income Tax, or for means-tested benefits.

The publisher is to be congratulated on such a reasonably priced hardback, but not for the statement that 'the Dutch edition of *Utopia for Realists* ... sparked a basic income movement that made international headlines'. The Basic Income debate has been around for a long time, this book did not spark it, and it is a pity that the book's flaws mean that it will not be the contribution to the debate that it ought to have been. The acknowledgements at the end of the book do not mention any of the authors at the heart of the Basic Income debate, and neither do the references. (There is no bibliography, so it is impossible to be sure how widely Bregman read in the field before he wrote his book). It is possible that Bregman wrote his book in a hurry and that he consulted no experts in the field as he did so. For the author to have taken greater care, to have involved

himself in the existing Basic Income movement, and to have worked collaboratively with the movement's scholars, might have produced a better book.

OECD, *Basic Income as a Policy Option: Can it add up?* OECD Publishing, Paris, <http://www.oecd.org/employment/emp/Basic-Income-Policy-Option-2017.pdf>

This paper, along with related data and technical information accessible at <http://www.oecd.org/employment/future-of-work.htm>, is a valuable contribution to the OECD's 'Future of Work' project. The paper recognises the advantages of an unconditional income, and offers a survey of current pilot projects and other developments (- one inaccuracy: Sommer's book *A Feasible Basic Income scheme for Germany* is not about a Basic Income scheme). The paper then tests a particular kind of Basic Income scheme in relation to a number of different countries' existing tax and benefits systems. The scheme envisaged would abolish tax allowances and 'most existing types of cash benefits', and would be revenue neutral. The paper contains a useful discussion of different employment market incentive and disincentive effects, finds that the scheme envisaged would impose losses on different varieties of households in different countries, and also finds that in general the scheme would not reduce poverty levels, and that in the UK it would increase poverty. The paper also suggests that a further 'challenge' would be that a Basic Income would make it more difficult to 'target' 'incentives' - such as benefits sanctions - on jobseekers. That's a point of view. Tony Atkinson's 'Participation Income' is discussed, but without any recognition of the significant administrative challenges that such a scheme would encounter, and the bureaucratic intrusion that it would impose. An interesting and appropriate conclusion is that to roll out a Basic Income for one demographic group at a time, starting with young adults, would avoid many of the problems listed earlier in the paper.

In its final section the paper does discuss the possibility of implementing a Basic Income scheme that leaves in place means-tested benefits and recalculates them to take into account each household's Basic Incomes and any changes in net earnings, but it then does no further work on such an option. This is a pity, as to do so would have enabled the researchers to respond to many of their own hesitations about Basic Income. As we have shown (<https://www.iser.essex.ac.uk/research/publications/working-papers/euromod/em5-16>), a scheme that

retains and recalculates means-tested benefits could largely avoid losses for low-income households and could reduce poverty. What would be really helpful would be to see further research from the OECD on a wider variety of types of Basic Income scheme, including schemes that retain and recalculate means-tested benefits.

The paper ends with a clear recognition that the Basic Income debate is stimulating a wide-ranging discussion about the kinds of social security system that we shall need. The paper is itself a useful contribution to that debate.

Ralph Fevre, *Individualism and Inequality: The future of work and politics*, Edward Elgar, 2016, ix + 310 pp, 1 78471 650 9, hbk, £80

Fevre's thesis is that the individualism of Thomas Paine, which gave birth to the concept of 'the rights of man', was 'sentimental' or 'moral' in character, and assumed a context of equal opportunity for all; that in the context of the United States this moral individualism evolved into a very different neoliberal individualism that assumed that the individual was responsible for their own wellbeing, whatever their circumstances (giving rise to increasing inequality, and the stigmatising of those unable to compete because of less favourable circumstances); and that the UK then imported this neoliberal individualism from the United States, to the detriment of its own tradition of moral individualism. It is a persuasive thesis, persuasively argued.

Fevre recounts the history of these developments from the anti-slavery movement and Adam Smith, through public education's turn towards the employment market, and a shift from positive freedoms to negative freedom, to the replacement of trade union strength by selective individual employment rights. The early chapters, on the history of sentimental or moral individualism (and the related more rational 'cognitive' individualism), emphasise this early individualism's ability to inspire social action to provide the context within which individual rights could be exercised. The problem was that 'utopia failed to arrive' (p. 17) and the playing field had not been levelled. But one thing achieved by the social action inspired by sentimental individualism was an educated and healthier population, which fed the success of a nascent neoliberal economic individualism. It looked as if individuals left to their own devices really could create their own freedom and wellbeing; but of course nobody had been left to their own devices. They had benefitted from the collective action of sentimental individualism.

One aspect of the history of individualism that Fevre alternately emphasises and downplays is its organisational aspect. Perhaps this was to be expected, given that organisations are in some ways the polar opposites of individualism. So although Hayek, Friedman, *et al.*, are frequently mentioned as the authors of neoliberalism, there is no mention of the Mont Pèlerin Society and the think tank activity through which it spread its neoliberal ideology. And concentrating on some institutional arrangements – particularly in relation to education and employment – might have led Fevre to neglect others, such as the role of council house sales in the consolidation of the Conservative vote after 1979.

The absence of organisations from some aspects of the history extends into Fevre's prescription for the future. He suggests that growing awareness of neoliberal individualism's failure to deliver autonomy, freedom, and non-alienated labour, will lead us to question the way in which our individual marketing of labour has resulted in our being trapped in a neoliberal financial machine and into increasing inequality, and that this such questioning might lead us back to sentimental individualism and collective action. But if that is to occur, then instead of the social movements that Fevre envisages (for instance, in relation to the failed individualistic bargain between employees and employers), we shall need organisations, and particularly the State, to establish the necessary institutions. What is required is not simply 'universal education' (frequently mentioned in the book), but educational institutions that generate a level playing field; and what is required is not simply a 'welfare state', but the kind of welfare state that will provide a secure financial platform on which people can build. Here in particular an appropriate institution is required if individuals are to experience freedom. Neoliberalism pretends to be about individualism, but it is in fact about corporations and those who benefit from them. Only an organisational approach will be able to ameliorate neoliberal individualism's unfortunate consequences, and return us to a world driven by sentimental individualism.

This is a wonderful holdall of an interdisciplinary book. We could call its content history, sociology, political economy, economic geography, economics, and social policy: and it is packed full of fascinating detail. It's a real pity that it is so expensive, and that it isn't a paperback.

Rune Halvorsen and Bjørn Hvinden (eds), *Combating Poverty in Europe: Active inclusion in a multi-level and multi-actor context*, Edward Elgar, 2016, 1 78471 217 4, hbk, xiii + 236 pp, £80

The question that the researchers tackle is this: How do Sweden, Poland, Germany, Italy and the UK (and particularly Scotland) combat poverty? And while this most interesting book is essentially diagnosis, it will of course help policy-makers answer the question that they are likely to bring to their reading of the different chapters: How can we best combat poverty in our own nation/region/city, and in Europe as a whole?

The introductory chapter offers a brief historical context, and also discusses the complex context in which government (or rather, governance) functions at a variety of levels. At every level, public authorities' actions are influenced by public authorities at other levels, and by a wide variety of other institutions and pressures, creating a complex structure of power relations, resource exchange, symbolic communication, and actors' activities, within which social policy needs to be constructed and implemented.

Chapter 2 recounts the somewhat chaotic nature of European poverty measurement and of perceptions of poverty, and asks for a consistent approach and a dynamic analysis of multidimensional disadvantage. It really is important to know how different aspects of poverty affect each other, and therefore how experiences of poverty evolve. Chapter 3 finds that the social, economic, and labour market contexts of poverty differ considerably across Europe, and asks for a more consistent approach to measuring poverty. Chapter 4 shows how 'poverty' became 'social exclusion', (no mention here of the more recent 'advantage/disadvantage' framework), how social exclusion became a more significant aspect of the European agenda, and how the recent recession has tipped it back down the agenda.

The second part of the book asks how nation states are tackling poverty, and particularly what activity at different levels looks like from the national point of view. So chapter 5 asks how local employment initiatives both relate to and resist national policy, and how they might co-ordinate better with national income safety nets. One response not given is that in a context in which increasing devolution is bound to make coordination even more difficult, both local employment initiatives and national income safety nets will need to be redesigned so that they can work together more easily.

Chapter 6 describes national government provisions for lone mothers, the long-term unemployed, and the working poor. The agenda that it sets is this: 'multifaceted problems entailing high poverty risks require multidimensional, multi-actor and coordinated responses' (p.107); and it then goes on to show how each nation state pursues policies driven by its own priorities, ideologies, and resources, and how active social work support is often lacking. None of this is a surprise. Chapter 7 studies implementation of the Europe 2020 anti-poverty strategy, and finds that national governments have either domesticated or resisted it. Again, this is no surprise. If a Europe-level welfare state is required, then that is what will have to be implemented. Asking nation states to implement a European strategy in a field that they regard as their own is a recipe for failure.

The third part of the book asks what the multi-level situation looks like from the subnational point of view. Chapter 8 compares five European cities (including Glasgow), and concludes that national-subnational coordination is largely absent, and that maybe 'the cities ... should be classified as 'independent entities' from the national level' (p. 177). But as the chapter concludes: cooperation between different levels could never eliminate poverty. Only the provision of sufficient income could hope to do that. Chapter 9 studies how local actors relate to policies enacted at higher governance levels, finds diversity across Europe – with some minimum income support being partly locally controlled, and some not; and it also finds that four of the cities studied either 'comply' with or 'elaborate' national policies, whereas Glasgow belongs on its own in a 'confrontation' category. The chapter finds almost no relationship between local policymaking and Europe-level policy recommendations. Chapter 10 returns to lone mothers, the long-term unemployed, and the working poor, and finds the working poor to be largely neglected in national and subnational policy, and lone parents and the long-term unemployed prevented from escaping from poverty by an employment market with too few jobs in it. Much of the chapter contains some most useful case study material on people's experiences of claiming different kinds of means-tested and work-tested benefits. The editors' final chapter concludes that the attempts to combat poverty in Europe are hindered by inappropriate institutional and policy design; implementation deficits; insufficient capacity; the emergence of competing policy goals; and an underlying ambivalence towards target groups.

What is largely missing from this book is any account of the detail of tax and benefits systems. The

structure of the systems is an important factor in how individuals relate to them, and in how those systems relate to other provision, so the omission is important. Perhaps another research project? What the book does usefully provide is an account of experiences of poverty and of some of the ways in which European, national and subnational governments are trying to tackle it. Anyone proposing changes to a country's tax and benefits systems could usefully work through this book asking themselves how those changes would alter the experiences recounted in the different chapters.

The editors and authors have produced a well-researched and highly relevant book that reveals the deep complexity of the task of combating poverty in Europe. Now we need a bit more prescription to match the diagnosis: and that prescription really must contain a proposal for a co-ordinated redesign of tax and benefits systems, at European, national, and subnational levels.

Menno Fenger, John Hudson and Catherine Needham, *Social Policy Review 28: Analysis and debate in social policy, 2016, Policy Press in association with the Social Policy Association, 2016, ix + 277 pp, hbk, 1 4473 3179 6, £60*

This annual publication has three purposes: to survey the current social policy scene; to bring some of the papers given at the Social Policy Association's annual conference to a wider audience; and to tackle in depth one particular social policy trend, in this case individualised budgets.

In the first section: Gordon Clark shows that pensions policy, which assumes that individuals are increasingly responsible for managing their pensions, flies in the face of evidence that shows that we make decisions that are not in our best interests. He suggests that a new paternalism is required. Martin Powell shows how marketization is no longer regarded by government as the only solution to the problems faced by the NHS, and that localisation, integration, and the prevention of ill health, are now also policy trends. Mark Stephens and Adam Stephenson show how housing policy is redistributing rights away from low-income families in rented accommodation and towards owner-occupiers. Peter Dwyer charts the trend towards conditionality and sanctions in relation to housing provision, social security benefits, and the behaviour of 'troubled families'. This chapter will be of particular interest to our readers, especially if read

alongside a recent report on the effects of reducing benefit levels:

Conventional wisdom suggests that taking money off benefit claimants (e.g. by sanctions or cutting benefit rates) acts as a financial incentive to get a job. Our analysis says that the opposite is in fact true, at least for this project cohort. Higher benefit losses may correlate with higher rent and larger families, and financial hardship; as childcare and debt are established barriers to work, it is perhaps unsurprising that customers with higher benefit losses are less rather than more likely to get into or back into work.²

- and alongside discussion of the lack of evidence that the expensive 'troubled families' initiative has had any significant effects.³ Dwyer's chapter ends with an entirely appropriate mention of T.H. Marshall's preference for unconditional and decommodified social rights granted on the basis of citizenship (p. 53).

The second part of the book contains papers from the 2015 Social Policy Association conference. Robert Page charts the Conservative Party's journey into 'social justice' territory, and wonders whether the welfare state will survive further Conservative governments; Ruth Patrick interviews out-of-work benefits claimants and finds them to be broadly supportive of government benefits policy; Stephen Crossley shows how the Government's 'troubled families' initiative has been subverted by local authorities; and Hannah Jobling finds that Community Treatment Orders (which replaced Anti-Social Behaviour Orders) produced a far more diverse set of effects than was ever intended.

In the third section of the book, on individualised budgets, Christiane Purcal et al study a National Disability Insurance Scheme in Australia; Philip Brown finds that the outcomes for rough sleepers offered personal budgets in Wales depended on the quality of the support workers; Karen Jones studies a pilot project that trialled personal budgets for adult social care in the UK, and finds positive outcomes; Karen Christensen discusses client involvement in social care in Norway; and Locke and West explore individualised budgets for older people in the UK.

² Oxford City Council, Welfare Reform Team, *Evaluation of European Social Fund Pilot Project 2014-2015*, https://www.oxford.gov.uk/downloads/file/2119/welfare_reform_european_social_fund_project_evaluation_report, p. 51.

³ <http://blogs.lse.ac.uk/politicsandpolicy/expansion-without-evaluation-the-troubled-families-programme-is-fast-policy-in-action/>

As we read this informative survey of contemporary social policy debate, a potentially significant consensus emerges: that centrally managed unconditional provision for universal needs has significant advantages over individualised approaches; and that where each individual's needs are unique, as, for instance, in relation to disability, a cash-based and individualised approach is required. This suggests that a Citizen's Basic Income alongside locally managed personal budgets for social care and other particular needs ought to be the social security structure for the future.

Guy Standing, *Basic Income: And how we can make it happen*, Penguin Random House, 2017, xiii + 374 pp, 0 141 98548 0, pbk, £8.99

This book describes itself as an 'introduction and reflective guide' (p. xii). It might have been better described as a comprehensible introduction, a comprehensive guide, and a cumulative argument. There is much that will be familiar to readers acquainted with Guy Standing's voluminous output: rentiers, the owners of capital, reap increasing financial rewards, while the rewards to labour fall; inequality is rising; a 'precariate', resentment and populism are the consequences; and a Basic Income is therefore a 'political imperative' (p. xii). What is new is the onward rush of an accumulating and all-embracing argument.

Chapter 1 outlines some of the history of Basic Income, discusses terminology, and asks about the breadth of current support. Chapter 2 outlines the argument for Basic Income that throughout the book Standing regards as the most important: that social justice requires a social dividend on collective wealth, marginal deduction rates for the poor no larger than those for the rich, and individual financial security, and therefore a Basic Income.

Chapter 3, on freedom, finds a libertarian perspective to be paternalistic, and recommends a more 'republican' liberty as 'non-domination': which again requires financial security to be provided without behavioural conditions attached.

Chapter 4 pursues the social justice theme in relation to the precariat. Means-testing results in stigma, low take-up, and poverty, whereas Basic Income abandons an unevidenced deserving/undeserving distinction. It offers the kind of financial security that we shall need during a period of disruptive technological change, and overcomes both the poverty and precarity traps (the latter describing the payment delays and complex administrative and other

requirements that disincentivise short-term employment).

Chapter 5 offers economic arguments, and it is here that it might be appropriate to offer some additional suggestions. There are Basic Income schemes that would generate additional economic growth, but a revenue neutral scheme that paid for Basic Incomes out of changes to the current tax and benefits system would not necessarily do so. There are illustrative schemes that would redistribute from rich to poor, and which would therefore result in additional consumption of more local goods, but there are also schemes that would redistribute from poor to rich, which would of course not do so. A Basic Income on its own would be less of an economic stabiliser than means-tested benefits, because the latter rise as wages fall and unemployment rises, whereas Basic Incomes would not do so: hence Standing's suggestion of a varying additional stabilisation payment. What the agenda of the first part of chapter 5 adds up to is an argument for Basic Income schemes that redistribute from rich to poor and that leave in place means-tested benefits and recalculate them on the basis of households' Basic Incomes.

Standing studies a variety of funding proposals, such as quantitative easing and a Euro dividend paid for by Value Added Tax. He is rightly sceptical about predictions of a jobless future, but foresees a continuing rise in inequality to which a Basic Income would be a solution, which of course it might be if the scheme were to be designed to be redistributive. Standing might have offered the additional argument that a Basic Income would cohere with *any* future labour market configuration, whereas the current tax and benefits system is only appropriate to the labour market of the 1950s.

Chapter 6 replies to a series of frequently made objections, often with brief responses that invite further reflection. In relation to affordability, we might add that in the absence of additional public funds a Basic Income could easily be funded by adjusting the current tax and benefits system. In relation to the suggestion that a Basic Income might provide a pretext for demolishing public services, we might suggest that there are different kinds of unconditionality (the NHS is characterised by unconditional access to services, whereas Child Benefit is unconditional equal provision) and that the different kinds cannot be substituted for each other. In response to the objection that a Basic Income would be something for nothing, we might argue that reciprocity can start in either direction, and that a Basic Income, by providing financial security, and ameliorating labour market disincentives, would

enhance our ability to contribute to society. We might frame the argument against the objection that a Basic Income would depress wages in terms of Basic Income as a static subsidy that does not rise as wages fall, as opposed to means-tested benefits that rise as wages fall and therefore act as a dynamic and more significant subsidy. The reader might like to think through their own extensions of the responses that Standing offers to the objections that less work would be done, that Basic Income would be inflationary, that inward migration would rise, that the level of Basic Income would be politically manipulable, that the rich don't need it, and that Basic Income would be a distraction from trying to achieve full employment. The book as a whole is constantly thought-provoking: this chapter in particular.

Chapter 7 tackles in detail the affordability question. Before I noticed, the author honourably owned up to the mistake at the bottom of page 136 (my most recently illustrative scheme is for a Basic Income of £60, not £50, per week) - but I have some further questions: Is it a good idea to call illustrative schemes that retain and recalculate means-tested benefits 'hybrid'? Their Basic Incomes are genuine Basic Incomes: unconditional, nonwithdrawable, and individual. And perhaps saying that the Royal Society of Arts' illustrative scheme 'attempts to minimise the number of low-income losers by redistributing resources to families with pre-school children' (p. 142) does not sufficiently recognise that the RSA has not done the microsimulation research required to quantify the losses that would be suffered by low-income households. The current state of the Basic Income debate, which is as interested in feasibility as it is in desirability, surely requires such work to be done. But these are minor points. The chapter is a thorough discussion of affordability; and if you haven't before seen the teaser on p. 147, then you should read it, and then try it on your friends. The significant unsolved problems that the chapter reveals are the cost of housing (- no, Basic Income does not solve the housing crisis, and neither does any other conceivable reform of the benefits system); and the fact that illustrative schemes tend not to take into account the behavioural changes that a Basic Income would generate. Research that would quantify feedback effects would be most welcome.

Chapter 8 is a good discussion of the diverse meanings of 'work'. It compares the employment disincentives of the current benefits system with the lack of such disincentives that would characterise a Basic Income; the 'paid work' / 'unpaid work' distinction is employed to understand how work-enhancing the US and Canadian Negative Income

Tax experiments really were; and the useful consequences that Basic Income's financial security would have for productivity, the precariat, and women, are well put. The Participation Income proposal (which perhaps ought to have been in the next chapter) is quite properly demolished; and although Standing does not discuss proposals for a household-based variant of Basic Income, a similar argument could have been used to demolish that.

On the basis of five 'social justice principles' chapter 9 evaluates a variety of 'alternatives' to Basic Income - a National Minimum Wage, means-tested benefits, social insurance, subsidised food, workfare, and tax credits (here meaning in-work means-tested benefits). There is a useful table on p. 214 showing that none of the alternatives pass more than two of the five social justice tests. But maybe 'different' would have been better than 'alternative' in relation to two of the proposals evaluated, because, in the context of a Basic Income, a National Minimum Wage and social insurance could be more useful than they are now. Standing lists ten failings of means-tested benefits. He could have added more: high error rates, high fraud levels, and the fact that fraud can be rational. Some of the detail of this chapter might have been more thorough. There are significant differences between the US Earned Income Tax Credit and the UK's Working Tax Credits; and the Universal Credit taper is applied to *net* income, so *after* Income Tax and National Insurance Contributions have been taken into account, not before. The problem with Negative Income Tax is not that it is calculated and paid annually - it can be applied weekly or monthly if administered by employers - but that its administration is significantly more complicated than that of a Basic Income. But those minor problems apart, this is a useful chapter that might encourage anyone wondering whether one of the alternatives might be preferable to Basic Income to think again.

Chapter 10 is about Basic Income and development: and it is here that Standing is the world's expert. If anybody is in any doubt about Basic Income's potential to achieve the best possible development, then they should read this chapter. (One minor correction is needed on p. 223. 'Unconditional cash transfer schemes' presumably means 'cash transfer schemes not conditional on school attendance'.)

Chapter 11 is full of useful information on pilot projects and other initiatives. We might wish to be more positive than the author about the usefulness of the current Finnish experiment, but otherwise it is difficult to fault the descriptions and evaluations. (One update: What is being tested in Ontario is not in

any sense a Basic Income.⁴) Standing's proposal for regional Basic Incomes as steps on the way to a national one would unfortunately suffer from considerable boundary problems. The only schemes for sections of the population that would not suffer from such problems would be schemes for individual age cohorts.

What this chapter makes clear is just how important it will be to insist on the definition of a Basic Income: unconditional, nonwithdrawable, individual. We are still in awe of the fact that the only genuine pilot projects ever to have been undertaken have been those in Namibia and India organised by Guy Standing. The appendix on how to carry out a pilot project is based on deep experience, and should be pinned to the wall above the desk of anyone thinking of running a Basic Income pilot project.

Chapter 12 discusses the political challenges. The book's subtitle, 'How we can make it happen', is not a question. Standing believes that the way to do it is to argue for Basic Income on the basis of 'social justice, freedom, ... basic security', and 'strategic preparedness' for possible technological disruption of the employment market (p. 286). The book as a whole suggests additional arguments, and in particular that Basic Income would begin to sort out the dreadful effects of our current benefits system.

The chapter is full of some interesting speculation about how the debate might now evolve. Yes, Basic Income might now be a 'political imperative': but another possibility is that it will yet again disappear from the political agenda for a generation. If it does, then a new generation of interested individuals will need to keep the research and debate going until the next upswing in interest. They will find Standing's book an ideal introduction and guide, and an essential inspiration. However, I agree with Standing that the debate is now deeply embedded in the public and political consciousness - and a significant reason for that of course is Guy Standing's own passionately argued books and lectures. I would extend Standing's suggestion that social justice and financial security arguments will now be central to the debate by suggesting that it is the cumulative weight of a large number of different arguments that will in fact carry the debate along. The book under review contains a multitude of arguments, and they all matter. If a Basic Income is implemented in the UK in the near future then it will be for very practical reasons to do with the current system's chaos and inappropriateness as well as for reasons of social justice: and because

⁴ <https://news.ontario.ca/mcss/en/2017/04/ontarios-basic-income-pilot.html>

'financial security' coheres with both the social justice and the more pragmatic streams of the argument, it will be 'financial security' that will be at the heart of the debate.

(Unfortunately there is an understandable but significant error in chapter 12. The motion that Standing prints on pages 228-9 was never put to the Trades Union Congress in September 2016. It appeared in the preliminary agenda, and from there it found its way onto a variety of websites: but as often happens at the congress, a composite motion was debated instead, in which Basic Income appears in only the final two paragraphs of the eleven-paragraph motion:

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

The transition from our current system to any new system that incorporates these principles should always leave people with lower incomes better off.⁵)

The book has a thorough set of notes (although I noticed some unreferenced material, such as the TUC motion on pp. 228-9, and evidence cited on p. 287). The book contains an index of authors cited as well as a subject index, so the lack of a bibliography isn't a problem.

This review is considerably longer than usual. This is a hugely significant book. It distils the wisdom and experience of the most influential global advocate for Basic Income. There are plenty of individuals who have influenced individual national debates, but Guy Standing is something else. If a developing country implements a Basic Income then it will be mainly his doing; and if a developed country implements one, then everyone involved will have benefited from Guy's research and advocacy. *Basic Income: And how we can make it happen* is a book that you must read.

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www.tuc.org.uk/sites/default/files/Congress_2016_GPC_Report_Digital.pdf

Jim Campbell and Morag Gillespie (eds), *Feminist Economics and Public Policy*, Routledge, 2016, xx + 212 pp, 1 138 95086 3, pbk, £34.99

The feminist economist Ailsa McKay died in 2014, and this book is an edited collection of the papers given at a commemorative conference held in January 2015. The book is divided into three parts, reflecting McKay's three main research interests: gender budgeting; women, work and childcare; and Citizen's Basic Income (CBI). This review will concentrate on the final section of the book.

In chapter 14, Chris Pierson, who supervised McKay's Ph.D. thesis on CBI, summarises the historical section of that thesis, which goes back to Thomas Paine, and then offers his own rather longer historical perspective. This begins with early Christian sources, which relativise private property in relation to human need; moves on to Scottish and English philosophers of the eighteenth and nineteenth centuries; and then discusses contemporary political economists who view property as a social system rather than as an individual right. Whilst this historical exercise is interesting, it is not quite the argument for CBI that Pierson suggests that it is, because it could just as easily argue for means-tested benefits. Ailsa McKay's historical research was rather more relevant.

In chapter 15, Annie Miller compares the current UK social security system with a system based on CBI. CBI's claimant unit would be the individual, not the household; economies of scale would be left with the recipients, not extracted by the Government; coverage would be universal rather than targeted; and a CBI would enhance employment incentives. Miller explores the relationships between CBI and disabled people, and between CBI and lone parents, and also CBI's labour market effects, and she concludes that CBI would 'contribute to the emancipation of women, giving them more life choices' (p. 174).

In chapter 16, Caitlin McLean (the first Ailsa McKay Postdoctoral Fellow in Economics) explores the ethics, economics and politics of CBI by offering concise and comprehensive surveys of the literature. She discusses the Alaska Permanent Fund Dividend, the Namibian pilot project (but unfortunately not the more robust Indian project), and a variety of related experiments. McLean correctly notes the recent turn in the debate towards issues relating to feasibility and implementation, and she calls for more interdisciplinary research in order to improve the evidence base for CBI.

In chapter 17, Morag Gillespie asks whether CBI is a radical and transformative idea for gender equality. She outlines McKay's preference for an economics that can evaluate a wider variety of human activity than the traditional discipline does, and points out that such a broader economics would value CBI in ways that the traditional discipline cannot. She asks whether CBI would institutionalise women in the home rather than emancipate them in wider society, and concludes, with McKay, that while CBI might not solve the problem of the gender division of labour, it would promote a greater individual autonomy for women, particularly in relation to the quality of paid employment.

In their concluding chapter the editors emphasise that Ailsa McKay advocated for CBI because it would recognise 'the totality of women's contributions to the economy and wider society' (p. 205), and they suggest that this will only be recognised if the discipline of economics changes in the way that McKay thought that it should.

David Piachaud, *Citizen's Income: Rights and wrongs*, Centre for Analysis of Social Exclusion, London School of Economics, 2016, <http://sticerd.lse.ac.uk/dps/case/cp/casepaper200.pdf>

John Kay, 'The Basics of Basic Income', *Intereconomics*, Mar 2017, Vol.52(2), pp.69-74

We are reviewing these two essays together because they complement each other. Piachaud uses 'Citizen's Income' terminology, and Kay 'Basic Income' terminology. This review will use Citizen's Basic Income terminology.

Piachaud usefully distinguishes between different varieties of Citizen's Basic Income: A 'bonus' Citizen's Basic Income is paid out of a national windfall, and so should probably not be called a Citizen's Basic Income. Piachaud defines a 'Partial Citizen's Basic Income' as a Citizen's Basic Income 'that goes only to some groups in society' (p. 2). He suggests that Child Benefit *was* such an income: in fact, it still is. It has never been means-tested. What has happened is that a tax is now charged to high-earning individuals living in households receiving Child Benefit, so that we now have an unconditional income for children accompanied by a tax on children. Whereas Piachaud is correct to emphasise Child Benefit's impact on child poverty, recent microsimulation research ⁶ has shown that to

implement a small Citizen's Basic Income for every individual could reduce child poverty more than Child Benefit does, and that it could reduce every other poverty index as well.

Piachaud defines a 'Supplemental Citizen's Basic Income' as a modest Citizen's Basic Income implemented alongside the current means-tested benefits system. His objection to such a scheme is that it does not achieve the simplification promised. What he appears not to have noticed is the number of households that such a Citizen's Basic Income would remove from a variety of in-work benefits, and particularly from out-of-work means-tested benefits. For those households a greater simplicity would indeed be achieved. While it is true, as Piachaud suggests, that increasing the rates at which means-tested benefits are paid would reduce poverty, it would also increase marginal deduction rates and/or the earnings ranges across which high marginal deduction rates would extend, thus reducing the possibility of poorer households earning their way out of poverty. A small Citizen's Basic Income would provide households with a greater ability to escape from means-tested benefits and thus to 'make work pay'.

Most of Piachaud's paper addresses a 'Full Citizen's Income': an unconditional income at a level high enough to live on. Whether the reader is with Piachaud or Philippe Van Parijs in their interpretations of Rawls or in relation to a 'real freedom for all' argument, the justice of an unconditional income cannot be as easily dismissed as Piachaud suggests. Neither our income, nor our wealth, is entirely the result of our own work. They are largely the result of natural resources, which, if they belong to anyone, belong to us all; and they are also the result of previous generations' work and ingenuity. Therefore to distribute an income unconditionally would not be unjust, and could legitimately be claimed to be just. The additional argument that for Van Parijs's Malibu surfers to be counted as members of society, and therefore entitled to a Citizen's Basic Income, they need to behave like members (p. 9) is a version of the 'reciprocity' argument: that the State has a right to expect a contribution from society's members before the State reciprocates. Stuart White's 'just reciprocity' argument requires that the situation should already be just for a contribution to be expected from society's members: and White suggests that a Citizen's Basic

⁶ Malcolm Torry, *A variety of indicators evaluated for two implementation methods for a Citizen's Basic Income*, Colchester: Institute for Social and Economic Research, 2017, 22

<https://www.iser.essex.ac.uk/research/publications/working-papers/euromod/em12-17.pdf>, table 10, p. 17

Income would contribute to the establishment of a situation sufficiently just.⁷

Piachaud rightly suggests that a 'full' Citizen's Basic Income could not totally satisfy the needs of people with disabilities, and nor could it cope with differential housing costs. In the context of any currently conceivable level of Citizen's Basic Income, we would need additional benefits (whether means-tested or not) to satisfy these needs. Where he is wrong is to assume that the Government should necessarily reap the economies of scale related to cohabitation. We do not assume this in relation to earned incomes or income taxation, and there is no reason why we should assume it in relation to incomes provided by the State.

When Piachaud turns to economic efficiency, he follows the natural intuition that to reduce poverty we need to give money to the poor. However, there is nothing 'wasteful or costly' about providing an unconditional income to every member of a population and raising the money to pay for it through income and other taxation. It is in fact a highly efficient way of doing it. As Piachaud recognises, Child Benefit reduces child poverty, and he does not accuse that of being 'wasteful or costly'. A Citizen's Basic Income would do the same for everyone, as recent microsimulation research shows.⁸ And as for 'churning', which Piachaud criticises: this is no problem in relation to Child Benefit, and it would be no problem in relation to a Citizen's Basic Income.

Piachaud is correct to suggest that, with a Full Citizen's Basic Income, the effects on employment could be unpredictable. However, with a Supplemental Citizen's Basic Income, either there would be little change, or the change would be towards increasing employment incentives.⁹ As the Citizen's Basic Income rose, we would no doubt see a certain amount of withdrawal from the employment market. What would matter would be the balance between the greater employment incentive due to

⁷ Stuart White (2003) *The Civic Minimum: On the Rights and Obligations of Economic Citizenship*, Oxford: Oxford University Press, p. 168

⁸ Malcolm Torry, *A variety of indicators evaluated for two implementation methods for a Citizen's Basic Income*, Colchester: Institute for Social and Economic Research, 2017, <https://www.iser.essex.ac.uk/research/publications/working-papers/euromod/em12-17.pdf>, table 4, p. 9

⁹ Malcolm Torry, *A variety of indicators evaluated for two implementation methods for a Citizen's Basic Income*, Colchester: Institute for Social and Economic Research, 2017, <https://www.iser.essex.ac.uk/research/publications/working-papers/euromod/em12-17.pdf>, pp. 10-14

reduced marginal deduction rates and the decreased employment incentive due to a reduced need to earn an income. With a Supplemental Citizen's Basic Income, the balance would be towards increased incentives.

The final section of Piachaud's paper is a brave foray into the field of political feasibility which assumes that public opinion is set in stone and that the political process is rational. Recent events should be sufficient to disabuse us of these ideas. And just as we saw public opinion over same sex marriage change very rapidly, so we might see public opinion change in relation to unconditional benefits. In fact, it might already be changing, and we hadn't noticed. A recent opinion poll conducted in six European countries has shown that both understanding and approval of Citizen's Basic Income are increasing rapidly, with 63 per cent of polled individuals being familiar with the idea of a Citizen's Basic Income (up 5 per cent on a year previously), and 68 per cent of the sample saying that they would vote for it (up 4 per cent on the previous year).¹⁰ The UK was not one of the countries in which the survey took place, but even if the results were somewhat lower in the UK, which presumably they might be, we can no longer assume that 'most people' think unconditional benefits to be 'unfair'. And just as we can't predict political events with any accuracy, we can't predict the future course of automation and of the employment market. We simply don't know how they will evolve. This uncertainty requires of us a tax and benefits system that will suit any conceivable employment market, and inconceivable ones as well. It would be difficult to argue that our current system, designed for the employment market of the 1940s, will be adequate to the task. A Citizen's Basic Income would suit any employment market, so to begin the process of implementing one would be a useful precautionary step.

Piachaud concludes that full employment achieved via a government job guarantee, and investing in human capital, are the way forward. These are not necessarily 'alternatives' to a Citizen's Basic Income, as he suggests. They could just as easily be complements. And as for the suggestion that what matters is establishing goals and then asking how they might be met: those of us who have administered means-tested benefits, who have long experience of families suffering from their effects, who have understood a Citizen's Basic Income's advantages

¹⁰ *The EU's growing support for Basic Income*, Berlin: Dalia Research, 2017, https://daliaresearch.com/wp-content/uploads/2017/05/basic_income_2017-2.pdf

over means-testing, and who have noticed that all of the goals of poverty reduction, inequality reduction, human dignity, employment incentives, employment choice, and administrative simplicity, would be well served by a Citizen's Basic Income, have in fact done the work required by Piachaud. We have tested Citizen's Basic Income, and found it to be both useful and feasible. It would appear that an increasing number of people are coming to agree with us.

John Kay's rather different article leaves to one side arguments from justice, and from the future of the employment market, and concentrates on what he calls 'the fiscal arithmetic' (p. 69). He uses a national accounting approach to evaluate the financial feasibility of Citizen's Basic Incomes of a variety of levels, and concludes that

The provision of a universal basic income at a level which would provide a serious alternative to low-paid employment is impossibly expensive. Thus, a feasible basic income cannot fulfil the hopes of some of the idea's promoters: it cannot guarantee households a standard of living acceptable in a modern society, it cannot compensate for the possible disappearance of existing low-skilled employment and it cannot eliminate 'bullshit jobs'. Either the level of basic income is unacceptably low, or the cost of providing it is unacceptably high. And, whatever the appeal of the underlying philosophy, that is essentially the end of the matter. (p. 72)

This passage makes a number of unfounded assumptions: that it is a necessary aim of a Citizen's Basic Income on its own to provide a standard of living acceptable in a modern society; that on its own it should eliminate 'bullshit jobs'; and that on its own it should compensate for the loss of low-skilled employment. What Kay does not ask is whether a smaller Citizen's Basic Income would have useful effects in these particular directions, and in other directions as well (for instance, in relation to poverty reduction, inequality reduction, household construction, administrative simplicity, removing households from stigmatizing means-tested benefits, incentivizing paid employment, and so on).

Kay is of course correct to suggest that a Citizen's Basic Income should vary with someone's age. He appears not to have noticed that illustrative schemes usually assume that this will be the case. He also appears not to have noticed the illustrative schemes that retain a housing-related benefit. Kay believes that Citizen's Basic Income can be 'rescued' by introducing conditionalities related to location and

employment status, which means that he is no longer discussing anything remotely like a Citizen's Basic Income. A realistic Citizen's Basic Income scheme would not require the 'reintroduction' (p. 74) of elements of the current benefits system: it would require their retention; and yes, of course, the resulting welfare system would resemble those that already exist. Why is this a problem? What matters is the direction of travel. A system designed for the 1940s is no longer appropriate, and it hasn't been for some time. It will be increasingly irrelevant, and therefore increasingly difficult to manage. Just as social insurance made a means-tested system manageable, and Child Benefit fulfilled a similar function for a system based on both means-testing and social insurance, so new unconditional benefits would reduce the prevalence of means-testing and would enable social insurance to continue to fulfil a useful role. A Basic Income is a 'sensible, feasible and necessary reform' (p. 74): it is sensible because it would work well alongside any existing benefits system, and it is sensible because it is radically simple and therefore easy to administer.

It is difficult to see how the distinction between the circumstances of a single parent at home with children and the wife of a millionaire out to lunch with her friends supports an argument for calculating benefits on the basis of the household rather than the individual; Arthur Cockfield's tax credits proposal was for genuine tax credits, whereas the 'tax credits' implemented by Gordon Brown were a renaming of Family Credit, a means-tested benefit; the fact that timescale is a problem to the current 'tax credits' is not an argument that timescale would be a problem to Citizen's Basic Income; there are of course Citizen's Basic Income schemes that would impose significant losses at the point of implementation, but there are also schemes that would not;¹¹ and the Shadow Chancellor is John McDonnell, not John McDermott.

David Piachaud and John Kay have between them offered some intuitive and mainly well-argued objections to Citizen's Basic Income. Any illustrative scheme will need to pass the tests that their objections imply. Those tests can be passed.

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¹¹ Malcolm Torry, *A variety of indicators evaluated for two implementation methods for a Citizen's Basic Income*, Colchester: Institute for Social and Economic Research, 2017, <https://www.iser.essex.ac.uk/research/publications/working-papers/euromod/em12-17.pdf>, table 1, p. 6