

BASIC INCOME

Newsletter of the Basic Income European Network

N°20

Christmas 1994

BIEN's 1994 conference was splendidly organized. See pages 3-4 for a brief account and the list of papers.

BIEN's 1996 conference will be held in Amsterdam or Vienna. Decision early next year.

Yes, even in the Third World basic income makes sense. Discover on page 13 the stunning Brazilian debate.

Liberal-democrats back out of basic income in the UK, while becoming interested in Germany. Details on pages 10 and 12.

In 1526, a Spanish-born humanist made the first detailed proposal for a minimum income scheme. It is reviewed on page 14.

Danish debate back to its 1970's peak ? A glimpse on page 7.

Irish catholics endorse basic income at a major conference. See pages 5 and 10.

BIEN's Executive Committee strengthened and reshuffled. Updated address list on page 2.

Manchester economist David Purdy is taking over as newsletter editor. See on page 15 how you can help him.

A research network may be set up with EU backing. Details on page 15.

20 issues of *Basic Income* now available on a floppy disk. Order form on the back page.

**If you want to keep receiving
this newsletter,**
become a member of BIEN
for 1995-96, by following the
instructions on the back page.

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BIEN's EXECUTIVE COMMITTEE

Many thanks!

• Co-chairmen:

Edwin MORLEY-FLETCHER, Lega Nazionale delle Cooperative e Mutue, Via Guattani 9, I-00161 Roma, Italy. Tel: (39)(6)844391, Fax: 84439406.

Guy STANDING, Labour Market Policies Branch, International Labour Office, CH-1211 Geneva, Switzerland. Tel: (41)(22) 7996455 Fax: 7997657.

• Conference organizer: vacant until the choice of the next venue is chosen.

• Newsletter editor: **David PURDY**,

Manchester University, Department of social policy, Manchester M13 9PL, United Kingdom.
Tel (44)(61) 2754877 Fax: 2754724
e-mail: msrasdp@fs1.ec.man.ac.uk

• Research coordinator: **Ilona OSTNER**,

Georg-August Universität, Institut für Sozialpolitik, Platz der Göttinger Sieben 3, D-37073 Göttingen, Germany.
Tel (49)551-397243, Fax: 397834,
e-mail: iostner@gwdg.de

• Treasurer: **Alexander DE ROO**,

Greens in the European Parliament, Rue Béliard 97-113, B-1047 Brussels, Belgium.
Tel: (32)(2)2843052, Fax: 2307837
e-mail: epggenv@gn.apc.org.

• Secretary: **Philippe VAN PARIJS**,

Université Catholique de Louvain, Chaire Hoover d'éthique économique et sociale, 3 Place Montesquieu, B-1348 Louvain-la-Neuve, Belgium.
Tel (32)(10)473951, Fax: 473952,
e-mail: vanparijs@espo.ucl.ac.be.

• Deputy secretary: **Walter VAN TRIER**,

UFSIA, 13 Prinsstraat, B-2000 Antwerpen, Belgium.
Tel: (32)(3) 2204182, Fax: 2204420
e-mail: dse.vantrier.w@alpha.ufsia.ac.be

This issue of *Basic Income* was prepared with the help of Carolyn Armstrong, Christian Arnspurger, Luis Ayala, John Baker, Dick Clements, Bruno Gilain, Georg Vobruba and all those who spontaneously sent relevant material.

THE EDITORIAL BOARD

• **Area representatives:**

Jan-Otto ANDERSSON, Abo Akademi, Department of Economics, SF-20500 Turku, Finland. Tel (358)(21)654162.

Luis AYALA, Universidad de Castilla, Facultad de Ciencias Económicas, Avenida de España, 02071 Albacete, Spain. Tel: (34)(967)228650; Fax: 505288.

Marc HEIM, 52 Boulevard St-Marcel, F-75005 Paris. Tel (33)(1)43314343.

Bill JORDAN, Perriton Farm House, Whimble, Exeter EX5 2QY. Tel: (44)(404)822809.

Robert VAN DER VEEN, Universiteit van Amsterdam, Alg. Politologie, Oudezijds Achterburgwal 237, NL-1012 DL Amsterdam. Fax: (31)(20)5252086.

Georg VOBRUBA, Universität Leipzig, Augustusplatz 10/11, PSF 920, D-04109 Leipzig. Tel.: 341-7193067; Fax: 7193073.

• **Overseas correspondents:**

Sally LERNER, Department of Environment and Resource Studies, University of Waterloo, Waterloo, Ontario, Canada N2L 3G1, Tel.: 1-519-8851211. Fax: 7460292.

Rubén LO VUOLO, CIEPP, Avda Pueyrredón 510-3A, 1032 Buenos Aires, Argentina. Tel: (34)(1) 9618153. Fax: 9633399.

Jeff MANZA, Department of Sociology, University of California, Berkeley, CA 94720, USA. Tel: (1)(510) 6424766.

Peter TRAVERS, School of Social Sciences, Flinders University, GPO Box 2100, Adelaide 5001, Australia. Tel: (61)(8)2752325; Fax: 2012566.

Owing to the restructuring of the Committee, this third issue of *Basic Income* for 1994 is appearing somewhat later than usual. But it is also exceptionally thick.

The next issue is scheduled for April 1995.

The retiring editor is grateful to many members of BIEN and his assistant editor, Christian Arnsperger, for all the help received over the years in gathering and processing relevant information. Please turn to page 15 to see how you can help his successor even better.

THE FIFTH BIEN CONGRESS
London, 8–10 September 1994

Skilfully designed and splendidly organized by Dick Clements and Carolyn Armstrong (Citizens Income Study Centre, St Philips Building, Sheffield Street, London WC2A 2EX, UK. Tel: 44-71-9557453; Fax: 9557534), BIEN's 5th conference more than fulfilled its promises.

A lively **country survey** revealed that the Netherlands are still the country in which the public debate is most active. Elsewhere, the social-democrats are still not interested, and the greatest signs of awareness of the idea and the case for it are to be found in green, liberal and left-Christian circles. No rapid political breakthrough is in sight anywhere, but all the way to the European top, disbelief in growth as the way out of unemployment is spreading and basic income (or ideas that point in its direction such as general employment subsidies, negative income tax or financial incentives for working time reduction) is beginning to be taken seriously.

In the course of stimulating **plenary sessions**, Tory anticonformist Sir Samuel Brittan and Labour anticonformist Lord Meghnad Desai joined forces in defence of basic income; former French minister Lionel Stoleru explained how quickly a guaranteed minimum income could be viably implemented (after years of preaching in the desert) after Mitterand's second election (in 1988), while showing that he was still missing the key point about the relevance of basic income to unemployment (as did Trade Union leader Jack Jones later on); German social policy professor Ilona Ostner critically examined the problematic relation between basic income and feminist issues; Hermione Parker summarized her latest work on the distributive impact of a politically (too?) realistic "transitional basic income" of £15 a week; Brazilian Senator Eduardo Suplicy reported on the stunning debate around his 1991 proposal for a federal negative income tax and strongly urged the participants to turn BIEN (eventually?) into a Basic Income Earth Network; British Members of Parliament Malcolm Wicks (Labour) and Simon Hughes (Liberal Democrat) gave a doorstep-politics flavour of how sensitive politicians (seem to) have to be to who-wins-who-loses questions; economists Gunnar Adler-Karlsson (South) and Guy Standing (East) put things in a broader geographical perspective, political theorists Paul Hirst, Claus Offe and David Purdy in a broader societal perspective, while Oxford economist Ken Mayhew presented an efficiency-based argument for basic income (against employment subsidies) as part of a package to upgrade the skills of a country's workforce.

Parallel sessions provided opportunities for stimulating exchanges about the feasibility of using VAT or energy taxes to finance basic income, about the (converging) level of transitional basic income proposals, about the possibility of giving a principled (as opposed to a sheerly pragmatic) justification of basic income, etc.

The following papers were available at the conference, and may still be obtained from the authors or from the conference organizers:

Jan Otto ANDERSSON, *Justice and Incentives in the long run from a Citizen's Income*, 6 p.

Jos DE BEUS, *The Stability of Basic Income*, 17 + III p.

Saar BOERLAGE, *Progress Report from the Netherlands*, 2 p.

Conall BOYLE, *Can We Trust Governments to Deliver ?*, 3 p.

Hans BREITENBACH, *Bottom-Up Economic Revival*, 4 p.

David CHAPMAN, *A Tax and Benefit Reform to Reduce Unemployment*, 9 p.

Sandro CATTACIN & Christine PANCHAUD, *Which Form for Basic Income for Which Welfare System ? About the Relationship Between Models of Welfare and Models of Basic Income*, 16 p.

Meghnad DESAI, *Abolish the Welfare State ; Pay Citizen's Income*, 3 p.

Roland DUCHÂTELET, *An Economic Model for Europe Based on Consumption Financing on the Tax Side and the Basic Income Principle on the Redistribution Side*, 7p.

Tony FITZPATRICK, *Citizens Income in a Risk Society*, 9 p.

Richard LAWSON, *Employment Subsidy – An Alternative Route to Citizen's Income*, 6 p.

Sally LERNER, *Basic Income : Framing the Concept for Canada*, 15 p.

Jorgen LOFTAGER, *Citizens Income and the Crisis of the Welfare State*, 29 p.

David MACAROV, *Reinventing the Square Wheel. Why What Didn't Work in the Past Won't Work in the Future*, 21 p.

Francisco José MARTÍNEZ, *The Basic Income as an Alternative to the Insufficiency of the Wage Relation*, 5 p.

J.B. MATTHEWS, *How to Make a Generous Citizen 's Income Viable ?*, 2 p.

Robert L. NEEDHAM, *A Justification and Defence of Basic Income : Freedom, Work Incentives and the Labour Market*, 32 p.

A. NESPOULOUS-NEUVILLE, *Basic Income in Relation with Leisure*, 2 p.

Claus OFFE, *Vollbeschäftigung. Zur Kritik einer falsch gestellten Frage*, 12 p.

David PURDY, *Citizenship, Basic Income and the State*, 36 p.

Philippe RICHÉ, *How Much for a Basic Income ? Why and How ?*, 4 p.

Lionel STOLERU, *Social Trends Towards the Year 2000*, 10 p.

Eduardo MATARAZZO SUPPLY, *The Guaranteed Minimum Income as a Proposal to Help Building a Healthier and Civilized Society*, 6 p.

Malcolm TORRY, *Citizens Income and the Evolution of Human Society*, 6 p.

Rik VAN BERKEL, *Basic Income as a Debatable Utopia. The Political and Social Feasibility of a Basic Income in the Netherlands*, 18 p.

Robert VAN DER VEEN, *Justifying Basic Income*, 33 p.

Jacques VILROCKX, *Basic Income, Citizenship and Solidarity : Towards a Dynamic for Social Renewal*, 1992, 6 p.

Finally, **BIEN's 5th General Assembly meeting** was by far the best attended in the history of our network (no doubt owing to the fact that for once it was not placed at the very end of the conference). It restructured and expanded the executive committee (see page 2): Ilona Ostner, professor of comparative social policy at the University of Göttingen and editor (among others) of *Umbau des Sozialstaats* (1986), has become our new research coordinator, while David Purdy, author of *Social Power and the Labour Market* (1988) has become our newsletter editor (see p. 3). Two promising proposals for the next (10th anniversary) conference were presented to the Assembly: one by Saar Boerlage on behalf of the Dutch Vereniging Basisinkomen (the Dutch network founded in 1987) and the other by Lieselotte Wohlgenannt from the Katholische Sozialakademie (which published the two main Austrian books on basic income in 1985 and 1990). The Assembly's preferences were about equally divided between the two proposals. Both teams will prepare a more detailed project, and the committee will decide when it next meets (in Geneva on 20 January).

OTHER EVENTS

LE REVENU MINIMUM: UN MINIMUM DE JUSTICE ? Genève (CH), 20-21 January 1995

The conference will focus on the idea of an unconditional basic income in the context of the Canton of Geneva's planning to introduce a French-style guaranteed minimum income (RMI). It will start on the Friday night with a public lecture and continue on the Saturday from 9 am to 5 pm, with the participation (among others) of foreign scholars and Swiss politicians.

Organizer: Mark Hunyadi, GREFAT, Université de Genève, Place de l'Université 3, CH 1211 Genève, Suisse; Tel.: 41-22-7057449; e-mail: hunyadi@uni2a.unige.ch.

TOWARDS AN ADEQUATE INCOME FOR ALL Dublin (IRL), 21 September 1994

Organized by the Justice Commission of the Conference of Religious of Ireland, this major conference on basic income was opened by the Irish Deputy Prime Minister Dick Spring and attended by more than 200 people including the (Labour) Minister of State at the Department of Social Welfare, politicians from all political parties, activists from many voluntary organisations, trade unionists and academics. It received substantial radio and newspaper coverage. The proceedings are available from the Justice Commission, Conference of Religious of Ireland, Milltown Park, Dublin 6, Ireland. (See also p. 8 below.)

LE CRÉPUSCULE DE LA SOCIÉTÉ INDUSTRIELLE: COMMENT AFFRONTER LA CRISE DE L'EMPLOI ET LA MONTÉE DE L'EXCLUSION SOCIALE ? Louvain-la-Neuve (B), 4 December 1993

This conference on alternative ways out of the employment crisis was organized by the political movement that forms the left of the Social Christian Party and is chaired by Belgium's finance minister Philippe Maystadt. It hosted a lively discussion on basic income and its relation to working time reduction and job subsidies. Its proceedings include a diagnosis of the current situation by economist J. Drèze and a summary of the contributions by G. Aznar and P. Van Parijs are now available from: Thierry Conrotte, Centre Européen des Travailleurs, rue Le Titien 2-4, B-1040 Brussels.

NAAR EEN BASISINKOMEN ? Gent (B), 27 November 1993

Full proceedings of this meeting on basic income organized by the Flemish Institute for Marxist Studies and the Department of Philosophy of Ghent University have now been published. They include the introduction to the morning session by P. Van Parijs (Louvain), the comments by R. Janssen (Nijmegen), B. Bouckaert (Ghent) and G. Quintelier (Ghent), the introductions to the afternoon sessions by W. Van Trier (Antwerp) and H. Bonte (Socialist Party) and a feminist postscript by K. Roggeman (Ghent). Copies of this document (72 pages) are available from Robert Crivit, IMAVO, Stalingradlaan 18-20, 1000 Brussel, tel. 32-2-5140008.

PUBLICATIONS

DUTCH

KOOISTRA, Pieter. *Het ideale eigenbelang*, Kampen: Kok Agora, 1994, 201p., ISBN 9-0391-0574-X, Dfl 37.50.

The 72-year old Dutch artist Pieter Kooistra has been pleading for years for a UN basic income paid to each human being. This idea is one of the most striking ones in his most recent book. This worldwide basic income would be paid in a special currency (250 UN Dollars per year) and financed out of extra production by 11 million UN workers scattered over the world. The development of information technology, Kooistra believes, is making such a reform far more realistic than you might think. The ideas

developed in the book will be further spread and discussed through a new quarterly publication with the same title. The first issue has just been published (Summer 1994, 24p.). In addition to briefer statements by Kooistra himself, it includes comments by Leiden economist Hans Wijnberg and Nijmegen University development specialist Gerrit Huizer, both of whom stress the importance of thinking in the direction indicated by Kooistra.

(Author's and quarterly's address: Stichting UNO-inkomen voor alle mensen, Waalbandijk 8, NL-4064 CB Varik.)

ENGLISH

BORRIE, Gordon (ed.), *Social Justice*, report of the Social Justice Commission, London: IPPR, 1994.

In its long-awaited report, the Social Justice Commission set up by the late Labour Party leader John Smith discusses sympathetically, though inconclusively, Professor Atkinson's idea of a (low) "participation income" (see *BI 16*: 6). It also mentions both the moral and the economic case for a full and genuine basic income. Yet, the latter is rejected for two main reasons. (A third reason, based on the lessons of the alleged introduction of a basic income for young people in Belgium, is a sad example of how misleading badly reported evidence can be.) First, a change of this magnitude "would have to be backed by a broad-based consensus, of which there is, as yet, no sign": many would oppose a basic income as "giving something for nothing". Secondly, even a moderate basic income would require either significantly higher income tax rates or an extension of VAT that would hurt the poor. The reformed social insurance scheme proposed by the Commission is therefore "more likely to win popular support and to provide an effective foundation on which people can build through their own earnings and savings". It would be unwise, however, to rule out a move towards Citizen's Income in the future: earnings may prove insufficient for a growing proportion of people, and an unconditional payment may become more palatable. The measures proposed, the Commission therefore insists, "would not preclude a move to Citizen's Income in the future." Writing in *The Guardian* immediately after publication of the report, Lord Michael Young (the writer of the Labour Party's famous 1945 Manifesto) complains about the rejection of

what he and many other experts "have long seen as the only truly revolutionary answer to the crisis in social security, namely citizen's income". In the *New Statesman and Society* (11 November 1994), Ian Aitken protests, in the same vein, that an excessive concern with political feasibility prevented the Commission from doing what John Smith asked it to do, namely "to analyse public policies, particularly in the fields of employment, taxation and social welfare, which would enable every individual to live free from want and to enjoy the fullest possible social and economic opportunities". This sentence, Aitken concludes, "seems to encapsulate a precise and comprehensive description of the aims and objectives of citizens' income. If there is no consensus for it yet, the time to start building one is now."

(Address: IPPR, 30-32 Southampton Street, UK-London WC2E 7RA.)

BROWN, William S. & THOMAS, Clive S. "The Alaska Permanent Fund: Good Sense or Political Expediency?", in *Challenge*, September-October 1994, pp.38-44.

When in 1976 the legislature of the State of Alaska approved the creation of the Alaska Permanent Fund (see *BI 7*: 6), the main motivation was to save some of the anticipated revenues from the massive State-owned oil field (which now account for 85% of the state's income) and to use this savings account (invested in a diversified financial portfolio) to reduce state revenue fluctuations brought on by volatile oil prices. Paying a dividend out of this fund to the present population was meant to give Alaskans a vested interest in the preservation and good use of the Fund. The initial plan was to give all legal residents \$50 for

each year they had lived in the state. But this aspect of the plan was struck down in 1980 by the Supreme Court of the USA on the ground that it violated the equal protection clause of the Fourteenth Amendment of the federal Constitution. When the dividend started being paid in 1982, it therefore took the form of a genuine basic income (see *BI 9: 8*): an equal payment to all residents (including children) who have been in the state for at least six months. The level of the payment varies from year to year, between \$331 in 1983 and over \$900 in the past five years. The authors of this instructive article doubt the economic good sense of the scheme. It does not allow a diversification of the Alaskan economy, since the very concern with income security leads to only 5% of the Fund being invested inside Alaska, and it does not dampen economic fluctuations as much as it could, since it is not distributed in a countercyclical (and targeted) way. Yet, they note that it has become "exceedingly popular": "The dividend soon became a sacred political cow. One way for a politician to commit political suicide is to suggest (or even hint at) using the dividend for some other purpose, such as putting it into the general fund for a common state purpose like education or the development of infrastructure." The authors' rather grim conclusion is that this illustrates "the primacy of public opinion over rational economic choices". Others may rather see this whole story as striking evidence for the political robustness of basic income once introduced.

(First author's address: Department of Economics, University of Alaska, Juneau, Alaska, U.S.A.)

BRUN, Ellen. "The new social contract: sustainability from below", mimeographed, 18p.

A plea for a basic income or "citizen wage" from a woman- and South-oriented perspective: "The concept is simple, easy to implement and well suited as a basis for broad political alliances across the political spectrum" and realizing it in countries of the North "is a precondition for achieving the difficult transition to a sustainable society". An instructive footnote summarizes the state of the debate in Denmark: "The debate on the citizen wage originally started in Denmark in the 1970's with the movement 'Revolt from the Center' [Niels Meyer and others]. It caught the imagination of many, but gradually the debate petered out. (...) Later it became part of the political programme of the Greens. Since December 1992, the debate has spread to most Danish newspapers and political parties. Among the rank and file the interest is keen across the entire political spectrum. The political establishment is rather hesitant or directly opposed to the idea. (...) The youth movement

of several liberal and Christian parties favour the citizen wage."

(Author's address: Ryttervaenget 7, DK-9000 Alborg.)

CITIZEN'S INCOME BULLETIN n°18, July 1994 (Citizens Income Research Group, St Philips Building, Sheffield Street, UK-London WC2A 2EX), 32p., ISSN 1353-6729, £3.

This 10th anniversary issue includes a rigorous and updated assessment (by Hermione Parker and Holly Sutherland) of the surprisingly large redistributive effects of a "transitional basic income" of £60 per month per adult in the UK; a plea (by James Robertson) for combining the introduction of a basic income with the replacement of all taxes on incomes and value added by taxes on land, energy and the like; an erudite call (by Pat Conaty) for reconsidering Major-Douglas or Jacques-Duboin-type arguments for connecting basic income and renewable money; an interesting account (by Conall Doyle) of the Liberal-Democrats' debate on basic income (see the more recent *Guardian* article reviewed below); and a further move away from basic income by Professor Charles Handy (see *BI 17: 7*), who is now advocating a citizenship income in the form of three years of paid higher education and three years of apprenticeship to be taken at any time after the age of eighteen.

(Address: as above.)

CLINTON, David, YATES, Michael & KANG, Dharminder. *Integrating Taxes and Benefits?* London: IPPR (30-32 Southampton Street, UK-London WC2E 7RA), 1994, 58 p., £2.95.

The conclusion of this paper prepared as part of the work of the Labour Party's Commission on Social Justice is that the case for integrating taxes and benefits is unconvincing, except in the case of pensioners. Negative income tax schemes are rejected mainly on the ground of their administrative complexity, while basic income is believed to be politically unfeasible because of the high tax rates it would require and the absence of a counterpart in work, caring, etc. A detailed critical review by Tony Fitzpatrick appears in *Citizen's Income Bulletin* n°18.

(Authors' address: c/o IPPR, see above.)

DE JAGER, Nicole E.M., GRAAFLAND, Johan J. & GELAUFF, George M.M., *A Negative Income Tax with a Mini Welfare State: A simulation with MIMIC*, The Hague: Central Planning Bureau, May 1994, 29p.

In this working paper, a team of the Dutch Planning Bureau investigates, using a macroeconomic simulation model, two very different versions of a genuine basic income (here called "negative income tax", though expressly defined as not means-tested). The first scenario consists in introducing an extremely low basic income (5% of the minimum wage, i.e.,

Dfl 90 per month) simply added to all existing transfers and financed by higher income taxes. It is shown to lead to a lower labour supply, higher wages and higher unemployment. In the second scenario, the basic income is 10 times larger (Dfl 900 per month) but is accompanied by a matching reduction of pensions and an abolition of unemployment and disability allowances. The most striking predicted effect is a strong reduction in unemployment, owing to a greater willingness to accept jobs (on the part of those previously enjoying high disability allowances) and a significant fall of the labour supply (from two-earners households). As the team is well aware, not all of the crucial elasticities are well established. Moreover, for reasons they hint at, neither a supplementary basic income (however small) nor a fully substitutive basic income (however large) is the practically most relevant scenario. But the exercise is nonetheless useful in giving us a highly conjectural but explicit picture of the consequences of a wide range of options.

(First author's address: Centraal Planbureau, van Stolkweg 14, NL-2585 JR Den Haag. Fax: 31-70-3383350.)

HIRST, Paul. *Associative Democracy. New Forms of Economic and Social Governance*, Cambridge: Polity Press, 1994, 222p., ISBN 0-7456-0952-X, £ 11.95.

As proposed by left-wing social theorist Paul Hirst (professor at Birkbeck College, University of London), "associative democracy" addresses the problems of the overload of big government by democratizing and empowering civil society. Basic income forms a central component of the institutional framework associative democracy requires. "It has left-wing advocates like Gorz and Van Parijs. It is supported by futurologists like Alvin Toffler. It has found favour with the Greens, particularly in Germany. Claimants' advocates like Bill Jordan support it, as do some conservatively-inclined enthusiasts like Sir Brandon Rhys-Williams and Hermione Parker. Because the principle of [basic income] makes sense and can appeal across conventional political divisions, whereas conventional welfare state issues tend rigidly to reinforce them, then it has some hope of being successful." Moreover, and crucially from Hirst's standpoint, basic income "is the one reform that would make extensive associational experiments possible" and is therefore "the key reform if an associationalist welfare state were to be built, rather than that existing welfare states merely be reinvigorated by associationalism". Much of the seventh and last chapter in the book further specifies the advantages of basic income from an associationalist point of view and indicates how it would fit in with further desirable institutions."

(Author's address: University of London, Birkbeck College, Faculty of Social Sciences, 7 Gresse Street, UK-London W1P 1PA.)

JORDAN, Bill, REDLEY, Marcus & JAMES, Simon, *Putting the Family First. Identities, decisions, citizenships*, London: UCL Press, 1994, 250p., £12.95.

This empirical study of decision making by better off couples is a sequel to the authors' *Trapped in Poverty?* (see *BI* 14: 6), which focused on decision making by the worse off. Unsurprisingly, basic income plays a less conspicuous role in this volume than in its predecessor—or in Bill Jordan's other books. Nonetheless, it forms the theme on which the book ends. Today's key choice, in matters of social policy, "is between abandoning the pretence of universalism and common social citizenship (accepting the 'targeted' benefit system or moving towards negative income tax) or taking the risk of proposing more radical measures. One proposal is to make the tax-benefit unit the individual, not the household, and to replace personal tax allowances and all benefits (including student allowances and all benefits) by a single system. This would greatly increase transparency, and its advocates have argued that it would create a universal structure for decisions that would promote equality and sharing among households, and responsibility and co-operation in the wider community. But the political risks would be considerable, because the principle—an unconditional income guarantee for all citizens—is difficult to justify in terms of the liberal individualist tradition. (...) To go with the grain of the practices revealed by this study would consolidate both injustice and inefficiency; to try to change them would be a bold and risky political strategy."

(First author's address: Perriton Farm House, Whimple, UK-Exeter EX5 2QY.)

LERNER, Sally. "The future of work in North America: Good jobs, bad jobs, beyond jobs", in *Futures* 26 (2), March 1994, 185-96.

An urgent plea for a thorough reform of conceptions about work and social security in North America. As the possibility of providing everyone with secure, full-time and adequately-waged employment becomes increasingly remote, Sally Lerner argues, North Americans have to radically revise their views on education (especially because "re-training" no longer appears as a plausible solution) and on the ethics of income distribution. In the latter sphere, the author draws on ideas of André Gorz and argues strongly in favour of a "guaranteed annual income (GAI)". She acknowledges the institutional and psychological difficulties one would have to face in implementing a GAI, but she warns that "failure to solicit and carefully examine such seemingly 'far-out' ideas of how to manage

societal transformation in the specific context of radically changing patterns of work will limit our ability to identify emergent issues and to address them effectively". The GAI would also be part of a wider package aimed at establishing environmentally sustainable growth.

(Author's address: Department of Environment and Resource Studies, University of Waterloo, Waterloo, Ontario, Canada N2L 3G1.)

MAYER, Tom. *Analytical Marxism*, London & Thousand Oaks (Cal.): Sage Publications ("Contemporary Social Theory"), 1994, 371p., ISBN 0-8039468-13, £16.95 (paperback).

In this very didactic and readable book, mathematical sociologist Tom Mayer presents the main tenets of so-called analytical Marxism, a school of thought that quickly developed in the last fifteen years as a result of the cross-fertilization of a critical reinterpretation of various aspects of the Marxist tradition and the rigorous use of the intellectual tools of analytical philosophy, neo-classical economics, game theory, etc. In this context, Mayer discusses van der Veen and Van Parijs's conception of basic income as a "capitalist road to communism" (see chapters 8-10 of Van Parijs's *Marxism Recycled*, C.U.P. 1993). "At a time when socialist, social democratic, and even welfare state ideas are under severe attack", he comments, "the basic income approach offers a glimmer of hope for people on the left. The basic income concept is both disarmingly simple and attractively bold. Its implementation within an advanced capitalist system seems far more feasible than any transition to socialism." Yet he worries, quoting the conclusion of Alan Carling's game-theoretical analysis of basic income (in *Social Division*, Verso, 1991) that "it seems very unlikely that a Basic Income scheme is workable without some system of sanctions against free-riders", whether of a formal or informal, centralized or decentralized kind.

(Author's address: University of Colorado, Department of Sociology, Boulder (Co), USA.)

MEADE, James E. *Full Employment Without Inflation*, London: The Employment Policy Institute (Southbank House, Black Prince Road, London SE1 7SJ), 1994, ISBN 0 948434 28, 19p., £6.

The combination of low unemployment and low inflation requires downward wage flexibility. But such flexibility can only be acceptable in the presence of "some alternative source of stable income for all citizens, which does not depend on the amount of work done. Such a source—call it a Citizen's Income—would make the level of earned pay less essential for an individual's welfare." Another short and effective formulation of the economic case for basic income by one of its oldest and most prestigious advocates. (See the overview of Meade's

statements about basic income by Van Trier, reviewed below.)

NOLAN, Brian & CALLAN, Tim (eds.). *Poverty and Policy in Ireland* (Dublin: Gill & Macmillan, 1994), xviii + 357p., ISBN 0-7171-2017-1 (paperback), IR£16.99.

This book aims "to bring together and present a synthesis of the key findings" of research on poverty based on a large-scale household survey carried out by the Economic and Social Research Institute in 1987, and "to bring out the implications for policy". Parts I-III describe and analyze Irish poverty. In Parts IV and V, the book treats basic income as a serious policy option but presents "the high cost involved" as the major difficulty. It then proceeds to recommend quadrupling child benefit to provide a "basic income for children" at about IR£17 per week per child. The suggested financing of the policy is a corresponding withdrawal of means-tested benefits, changing the tax treatment of married couples, making child benefit part of taxable income, and more general tax reform. The proposal is recommended to proponents of basic income as "an important stage along the way".

(Editors' address: Economic and Social Research Institute, 4 Burlington Road, Dublin 4, Ireland.)

REYNOLDS, Brigid & HEALY, Sean (eds.). *Towards An Adequate Income For All* (Dublin: Justice Commission of the Conference of Religious of Ireland, 1994) 137 p., ISBN 1-8723-3525-X, IR£5.

This book contains the four papers delivered at a conference held in September 1994. Donald de Buitlear puts the case for a radical change in the tax and social welfare system. Reynolds and Healy set out the principles and arguments (including Christian arguments) for a basic income guarantee. Tim Callan, Cathal O'Donoghue and Ciaran O'Neill summarize their report on basic income. Sean Ward proposes a partial basic income scheme (adult rate of IR£50 p.w.) and argues that it could be funded by a flat-rate 50% income tax together with the abolition of all tax allowances, elimination of most social welfare benefits, administrative savings, and some reallocation of government expenditure. He also argues that the partial basic income would have a positive dynamic effect.

(Editors' address: Justice Commission, Conference of Religious of Ireland, Milltown Park, IRL-Dublin 6.)

VAN TRIER, Walter. "James Meade and his 'social dividend': An intriguing chapter in the history of an idea", University of Antwerp, Studiecentrum voor Economisch en Sociaal Onderzoek (Prinsstraat 13, B - 2000 Antwerpen), Report 93/288, July 1993, 32p.

In this characteristically well-documented and entertaining paper, Van Trier follows the development of James Meade's thought on the concept of social dividend from his "Outline of an Economic Policy for a Labour Government" (1935) to "The Building of a New Europe" (1991), and traces its origins in the early Keynesianism of the Cambridge Circus, the Lange-Lerner debate on market socialism, the Oxford Groupe around G.D.H. Cole, and the Social Credit theories of Major Douglas. This exploration fits into Van Trier's broader project (see *BI* 5: 8; *BI* 9: 8; *BI* 12: 8), which promises to lead to a well-informed and thrilling account of the early stages of the basic income discussion. (Author's address: UFSIA, as above.)

VILROKX, Jacques. "Basic income, citizenship and solidarity: Towards a dynamic for social renewal", in Coenen, H. & Leisnik, P. (eds.), *Citizenship and work in the new Europe*, 1993.

According to sociology professor Jacques Vilrocx, an unconditional basic income is the most promising solution to the deep structural problems which our post-industrial societies are currently facing: "The unemployment crisis is only part of the global socio-economic restructuring that western societies are facing on all kinds of levels. (...) What is needed are measures that can influence some core aspects of a social fabric threatened with disintegration". Work sharing would not be viable because the number of available jobs is decreasing too rapidly and because unit labour costs would rise too much. "The separation of income from work is the next step in the achievement of a fuller citizenship." Under current economic conditions, citizenship tied to work implies the social exclusion of an ever growing portion of the population. A basic income would make it possible for jobless people to develop self-employment strategies, thus helping to create "an awareness of the fact that unemployment is a completely misleading term, which distorts social reality". To the question of whether basic

income is not too egalitarian, Vilrocx answers that "a certain equality of income is established and social power will, therefore, in some way be affected, but the basic existing control mechanisms in global society will not be 'undermined'. In this sense economic citizenship through basic income will not lead to an equality of individual economic outcomes". (Author's address: Vrije Universiteit Brussel, Departement Sociologie, Pleinlaan, B-1050 Brussels.)

WINTOUR, Patrick. "Tax and benefit plan survives but 'Utopian' scheme scrapped", in *The Guardian*, 22/9/1994.

At their annual Conference, the British Liberal Democrats "abandoned the party's long-standing commitment to Citizen's Income" (see *BI* 7: 9). According to the chairman of the party's tax working group, Sir William Goodhart, Citizen's Income "should be sent back to Utopia, where it came from". He claimed that even a partial Citizens Income would require an increase in income tax to 45%, and a full version would require a tax rate of 70%. The delegates followed the working group's advice, despite a vigorous plea by Baroness Seear, party spokeswoman in the House of Lords, who urged the conference not to abandon the proposals for a Citizen's Income: "We need to have a small income to start off with, which goes to every single person, man and woman, and cannot be taken away by anybody". Another speaker expressed her dissatisfaction with this step backward by claiming that she could not get anyone to vote for her "by saying that we will make some small and confusing changes to the existing system". (See also *Citizen's Income* 18, reviewed above, for an interesting account of earlier discussions at a Liberal Democrat meeting and an equally interesting exchange of letters between Sir William Goodhart and Hermione Parker.) (Liberal Democrats' address: 4 Cowley Street, UK-London SW1P 3NB.)

FRENCH

AIRE, *Lettre de liaison* n°5, Paris, été 1994, 9p.

The fifth issue of the newsletter of the Association for the introduction of an existence income consists essentially in an account of meeting organized in June 1994 at the University of Paris-Saint-Maur around Yoland Bresson's ideas.

(Address: AIRE, c/o Melle Boussatha, Faculté des Sciences Economiques et de Gestion, 58 avenue Didier, F-94210 La Varenne Saint-Hilaire.)

BRESSON, Yoland & GORZ, André. "Débats et polémiques: Pour ou contre le revenu d'existence", in *Partage* (54 rue des Entrepôts,

F-93400 St Ouen) n°71, août-septembre 1994, pp. 12-18.

In this issue of the high-quality magazine of the French Union of the Unemployed, two of the most prominent participants in the French debate on the guaranteed minimum income present the core of their view in two substantive articles reprinted from Bresson's recent book and a paper previously published by Gorz in *Futuribles* (see below).

CUZACQ, Nicolas. "Créer de la richesse ou des emplois ?" in *Le Monde*, 20.9.1994, p.V.

"It is about time that we realize that what our economy is about is creating wealth, and not

creating jobs." What we need to do, according to the economics professor who writes this full-page column, is "allocate an existence income to a significant part of the population: a sort of improved RMI (minimum insertion income), without an insertion duty, and at a level that would be determined by the rate of growth." "Some categories will be entitled to add up their labour income and their existence income, while others will have the latter as their sole income." In fact, we already have a disguised existence income. It is as if some sort of shyness was preventing our rulers from admitting that people can receive an income without a counterpart. But "can France prepare the 21st century with rulers who reason as in the 20th?" (Author's address: c/o *Le Monde*, 15 rue Falguière, F-75015 Paris.)

all "major anthropological and cultural obstacles".

(Editor's address: c/o Europe 99, as above.)

DUBOIN, Jacques. "Du travail ou de l'argent ?", in *La Grande Relève* n° 930, février 1994, p.4.

"The purpose of a country's economy has never been to give people work, but to provide them with the goods they need in order to live." Now that there is an abundance of goods and a scarcity of jobs, "what we must demand is a social income in the absence of which the right to live is a sheer joke." For "we are all the heirs to a gigantic endowment accumulated thanks to the efforts of our predecessors. (...) The social income is only our individual share in the usufruct of this huge collective inheritance." Thus wrote the French social thinker Jacques Duboin in an article published in February 1954 and reproduced forty years later in the monthly he founded.

(Address: *La Grande Relève*, BP 108, F-78110 Le Vésinet.)

GORZ, André. "Le RMG, version allemande", in *Futuribles*, juin 1994, 61-66.

A critical comment (previously circulated and already reviewed in *BI 19*: 8) on the new German discussion (see also Spermann's informative overview reviewed below).

(Author's address: F-10130 Vosnon.)

PEUGEOT, Valérie (ed.). *Développement, coopération, activité*, Europe 99 (21 boulevard de Grenelle, F-75010 Paris), 1994, 134p.

This final version of a report to the European Commission by the French association Europe 99 backs away from the firm pro-basic income stance expressed in the preliminary version (see *BI 18*: 9). "Among all the avenues explored in this document," it explains, "this proposal has been the most controversial among us. Some of us reckon that our document does not go far enough and that this proposal should affect the whole analysis and action, in particular as regards employment." However a majority believes that a basic income raises technical and financial problems of implementation but above

GERMAN

Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung, Jahresgutachten 1993-94, Deutscher Bundestag, Drucksache 12/6170, 15.11.1993, §§ 314-321.

Once a year, the German Council of economic advisers submits a report to the Parliament about the state of the economy and what the government should do to improve it. In its 1993-94 version, it devoted several pages to the integration of taxes and benefits. The opportunity is provided by a decision of the German Constitutional Court (25 September 1992) ruling that the tax-exempt income level should not be less than the subsistence minimum defined by the level of social assistance (*Sozialhilfe*). The Council examines various ways in which such an integration could be operated, from a negative income tax that would only concern social assistance and income tax, to a basic income (*Grundeinkommenssicherung*) that would also replace (or at any rate affect) many existing social insurance transfers. Among the advantages of such moves, it mentions simplification, the removal of the unemployment trap and the fact that social insurance could be freed of (ex ante) distributive considerations and left to be governed by the equivalence principle. Among the disadvantages, it mentions likely increases in marginal tax rates and also a departure from the subsidiarity principle ("let people first try to help themselves") that may aggravate a claimant mentality among the citizens. The Council's advice is to start with the integration of social assistance and income tax and to mind the uncertain consequences of any further step.

FDP—Die Liberalen. Ergebnisse der Arbeitsgruppe "Soziale Sicherungssysteme", Magdeburg, Bundeshauptausschuß der FDP, 15-16. Oktober 1993, 4. Kapitel.

This policy document prepared for the FDP 1994 national election platform presents the "fundamental reform" the German liberals would like to implement: the integration into a simple overall scheme of the income tax system and the tax-financed social benefit system. "With high wages, citizens pay taxes; with low incomes they receive a citizen's income (*Bürgergeld*). Such a reformed income tax is technically labelled a negative income tax or a citizen's income system... To make sure that effort pays and that incentives are created to get back on one's feet, earned income is only partly deducted from the

subsistence level in a citizen's income system." The system would absorb family allowances, family tax credits, housing subsidies and redistributive social insurance. Pension, unemployment and health insurance systems would subsist.

SPERMANN, Alexander. "Das Bürgergeld—ein sozial- und beschäftigungspolitisches Wundermittel?", *Sozialer Fortschritt* 43 (5), Mai 1994, 105-111.

In this useful and well-documented article, the author traces the very recent revival of the German discussion around basic income (usually under the label of *Bürgergeld* or "citizens' money" and in the form of a negative income tax sensitive to household size). In October 1993, the leadership of the liberal-democratic party (FDP) proposed a negative income tax at the subsistence level stipulated by the constitutional court (about DM 11000 per month for a single person) as a full substitute (in the long term) for family allowances and social assistance (see FDP above). In November 1993, the Christian-democratic Workers' Association (CDA), a powerful component of the Left of the CDU, backed a similar proposal, inspired by the economist Joachim Mitschke, with the proviso that additional unemployment, health and old age insurance should be preserved and developed. This was not incorporated, however, in the CDU's 1994 election programme. The Grünen, on the other hand, did include a similar proposal inspired by Walter Hanesch (at the higher level of 50% of average disposable income, i.e., about DM 1300 per month) as a central component of their election programme. Finally, in social-democratic circles, the idea is defended only by a handful of influential intellectuals such as political scientist Fritz Scharpf (see *BI* 18: 10), who presents a negative income tax as a way of promoting (low-paid) employment by making far more low-productivity jobs economically viable. The author discusses a number of pros and cons (whose weight varies with the generosity of the variant considered) and concludes cautiously: "The discussion about *Bürgergeld* should be seized as an opportunity to drive the need for social policy reform to the centre of the political debate. (...) Although basic income is no miraculous instrument for either social or employment policy, it can sharpen the sight for urgent reform impulses." (Author's address: Universität Freiburg, Institut für Finanzwissenschaft, D-79100 Freiburg.)

ITALIAN

NEVOLA, Gaspare. "Il reddito minimo garantito: due filosofie sociali del welfare

state", in *Stato e Mercato* 31, Aprile 1991, pp. 159-184.

According to graduate student who wrote this well-informed piece, the philosophies that underlie negative income tax and basic income proposals are fundamentally different. The philosophy that underlies the former, well illustrated by Antonio Martino (now minister in Sergio Berlusconi's government) in his 1978 edition of the OECD report on negative income tax, focuses on poverty relief, the market

mechanism and the work-income nexus. The philosophy that underlies citizen's income proposals (from Meade to Dahrendorf and Paci) focuses on the preconditions of citizenship, gives no privilege to the market and shifts the focus from paid work to activity in a broader sense.

(Author's address: Università di Trento, Dipartimento di Sociologia, I-38100 Trento.)

PORTUGUESE

SUPLICY, Eduardo (ed.). *Programa de garantia de renda mínima*, Brasília: Senado Federal, 1992, 275p.

For whoever believes that basic income can only be relevant in the context of the First World, this is a truly astounding book. In April 1991, the US-trained economist and widely respected politician, Senator Eduardo Suplicy (of Lula's Workers' Party) submitted a law proposal to the Brazilian Senate that amounted to the following. Every Brazilian over the age of 25 earning less than twice the minimum wage (currently about US\$70 per month) would be entitled to a cash transfer equal to 30% of the difference between her/his current earnings and this level. What is being proposed, in other words, is an individual negative income tax with a constant marginal rate of 30%, a minimum income guarantee at 60% of the minimum wage and a breakeven point at 200% of the minimum wage. The transfer would be phased in gradually from 1995 to 2001, starting with the older age groups. It is estimated that, by the time all age categories above 25 are covered, about 62 million Brazilians will be entitled to a transfer. The total funds available for the programme are limited to 3.5 % of GNP. In December 1991, the Senate approved nearly unanimously a slightly amended version of the proposal. This particularly interesting book collects the various versions of the proposal, the minutes of the discussion at the Senate (involving, among others, the former sociology professor at Nanterre and president elect Fernando Henrique Cardoso), and a large number of brief reactions to the proposal either previously published in the Brazilian press or specially written for the volume, mostly by academics. Several stress the greater efficiency of cash benefits relative to existing, often corrupted social assistance programmes and the fact that the programme

would slow down migration towards the urban areas. Many worry about the difficulty of assessing incomes in the informal sector. Others suggest that the programme should rather start with families, with benefits being made conditional on the children attending school. While the inspiration of the programme goes back to the U.S. debate on the negative income tax in the late 1960's (with Friedman, Tobin, Galbraith, etc.), several contributors are aware of the current European debate, especially the discussion around the French RMI (Reinaldo Gonçalves, Federal University of Rio de Janeiro) and even BIEN's activities (Sônia Miriam Draibe, Unicamp).

(Editor's address: Senado Federal, Edifício Principal Terreo, Praça dos Três Poderes, Brasília DF Cep 70.160 900, Brazil.)

SUPLICY, Eduardo. *Programa de garantia de renda mínima*, Brasília: Senado Federal, Junho 1994, 20p.

A pamphlet presenting in simple terms the proposal described above and a new variant meant to tackle the problem of hidden earnings, with the benefit level starting at \$20 per month and rising to \$45 for those at the minimum wage (\$70) before falling gradually to zero (for those earning three times the minimum wage). "What is better for the people: to give them fish or to teach them to fish?" is the last question asked. "Obviously, it is better to teach them to fish. But there are situations in which one needs to give fish so that the people will have the strength and energy to hold the fishing line or throw the net. And this is precisely what is happening in Brazil". Undernourishment early in life leaves a permanent mark on people's intellectual capacities, thereby making any learning more difficult.

LATIN

VIVES, Juan Luis. *De Subventione Pauperum, Sive de humanis necessitatibus*, 1526, [French edition: *De l'Assistance aux pauvres*, Bruxelles: Valero & Fils, 1943, 290p.]

Five centuries ago, relief to the poor was still strictly a matter of private charity. In his Utopia (1516), Thomas More suggested that

governments would be well advised to see it as one of their tasks. But it is his friend Juan Luis Vives who first spelled out a comprehensive argument and detailed design for a guaranteed minimum income scheme in a memoir addressed to the Mayor of Bruges. What he is proposing, not on grounds of justice but for the

sake of a more efficient exercise of morally required charity, is an income guarantee for all, not just for the deserving poor: even those whose destitution stems from having spent their resources on gambling or prostitutes must be provided at least with the means to subsist. But it is of course quite a long way from a genuine basic income, both because it is closely targeted to the poor—indeed it is because of their ability to target more efficiently that public officials should be put in charge of poor relief—and because of the very stiff link it establishes between entitlement to relief and willingness to work. “Even to the old and the stupid, it should be possible to give a job they can learn in a few days, such as digging holes, getting water or carrying something on their shoulders”. The point of requiring such toil from the beneficiaries of the scheme is partly to make some contribution to the funding of the latter. But it is also to make sure that “being busy and engrossed in their work, they will abstain from those wicked thoughts and actions in which they would engage if they were idle”. Indeed, this concern should consistently extend to those born rich: Emperor Justinian was right, according to Vives, “in imposing a law that forbade everyone to spend his life in idleness”. If the poor cannot be parasites, why could the rich? At two junctures, Vives anticipates some

insights that will drive later thinkers in the direction of a basic income. “All these things God created, He put them in our large home, the world, without surrounding them with walls and gates, so that they would be common to all His children.” Hence, unless he helps those in need, whoever has appropriated some of the gifts of nature “is only a thief condemned by natural law, because he occupies and keeps what nature has not created exclusively for himself”. Three centuries later, Paine used the same premiss to justify more than a moral duty for the haves to help the have-nots: a legally enforceable right of all to an equal share of the value of nature’s gift. Further, Vives insists that relief should come “before need induces some mad or wicked action, before the needy’s face blushes from shame... The benefaction that precedes the hard and thankless necessity of asking is more pleasant and more worthy of thanks”. But he explicitly discards the more radical conclusion that it would be even better if “the gift were made before the need arose”—which is exactly what an adequate basic income would effect.

(Author’s biography: Juan Luis Vives, 1492–1540, was born in Valencia in a family of converted Jews and died in Bruges. He studied at the Sorbonne and taught at Louvain and Oxford.)

SPANISH

AYALA, Luis. “Los sistemas generales de rentas mínimas en Europa: logros, límites y alternativas”, in *Documentación Social* (Madrid), octubre 1994, 52p.

A comprehensive survey of existing guaranteed minimum schemes, stressing the inadequacy of these schemes in coming to terms with the problem of structural unemployment. The author’s own proposal, sketched in the final pages, is to move away from means-tested benefits in the direction of a European basic income. “Probably the richest debate in Europe has occurred around the idea of a completely unconditional minimum income.” He notes the tremendous variety of ideological outlooks, levels and sources of funding that characterize the variants under discussion, and refers sympathetically to Anthony Atkinson’s idea of a participation income (see *BI 16*: 6). “Could this be the solution? At the very least it would get rid of some of the weaknesses characteristic of the traditional minimum income devices.”

(Author’s address: Universidad de Castilla-La Mancha, Facultad de Ciencias Económicas, Avenida de España, s/n, E-02071 Albacete.)

OBITUARY : PROFESSOR JAN TINBERGEN

One of the founders of modern macroeconomics and econometrics, the Dutch Nobel laureate Jan Tinbergen, died on 9 June 1994 at age ninety-one. Actively involved in the struggle for a more just and peaceful world, he was the first (known) author to use the phrase "basic income" (in a 1954 English-language textbook). When in 1985 the first serious effort was made to get basic income onto the platform of a major European government party—namely the Dutch Labour Party, of which he was a member—, Tinbergen accepted to write a contribution for the magazine of the pro-BI lobby. He claimed that the introduction of a basic income (coupled with the abolition of some of the existing transfers) would lead to lower wages, and hence to greater employment. The higher the basic income for the population in working age, the less productive workers would need to be for them to be profitably hired.

OUR NEWSLETTER

MOVE. After twenty issues edited from Belgium, the newsletter is moving from Louvain-la-Neuve to Manchester. Because of this move and other changes in the Committee, the present issue is being published somewhat later than usual. *Basic Income 21*, the first issue edited by David Purdy, is scheduled for the Spring of 1995. As from then, we shall return to the usual four-months intervals.

More than ever before, the newsletter will need your help in order to spread throughout the network the growing amount of relevant news from a growing number of countries and linguistic areas. In order to collect and process that news as efficiently as possible, the newsletter editor and BIEN's secretariate will be working more closely together than before—and use more advanced technology.

HELP. Ideally, we would therefore like you to do the following whenever you witness, discover, or publish yourself, some item which should be of interest to other members in the network:

1. Send a copy to the newsletter editor, D. Purdy, and the secretary, P. Van Parijs (addresses on page 2).
2. Send both of them, *if possible* by electronic mail, a brief account (in English, however imperfect) of the content of the item and its significance.

If you cannot achieve this ideal (for example because you can send only one copy of a book you found, or because you have no time to write a note, or because you have no access to e-mail), this should be no reason for doing nothing. We shall be grateful for whatever you can do, and so will the other members of our network. **Please do not assume that someone else will have seen the same item** and done the job (check with the editor if you want to be sure you won't do the job for nothing), and deal with it straight after seeing the thing for the first time. The earlier the item reaches the editor, the easier it is for him to fit the work he has to do on it in a busy schedule.

E-MAIL AND FLOPPY DISK. We shall be investigating how to make the newsletter available on e-mail as from the next issue. In the meantime, the whole set *Basic Income 1 to 20* (240 pages) is available on a floppy disk (MacIntosh Word 4) at the cost of BF 500 (£ 10, DM 25, Dfl 25, LIT 20.000, FF 100) for BIEN members, double this amount for non-members. Order form on the back page.

OUR (POTENTIAL) RESEARCH NETWORK

In December 1994, the European Union's Council of Ministers should decide on the relaunching (with some modifications) of a major programme aimed at fostering the mobility of researchers within networks of European research centres (mainly through the funding of mobility grants and Euro-conferences). Once the details are known and providing the conditions are appropriate, we intend filing an application. Membership in this network should not be restricted to academic institutions, nor to institutions located in the member countries. If you would like your research centre to benefit from membership in this network (if our application is successful), please send a description of it, a list of its basic-income-related publications and activities, and the name and function of a contact person, to our new research coordinator, Ilona Ostner, professor of social policy at Göttingen (address on page 2).

WHAT IS BIEN?

The Basic Income European Network was founded in September 1986 to serve as a link between individuals and groups committed to, or interested in, basic income, i.e., an income unconditionally granted to all on an individual basis, without means test or work requirement, and to foster informed discussion on this topic throughout Europe.

For further information, please write to BIEN's Secretary:
Philippe Van Parijs
Université catholique de Louvain, Chaire Hoover d'éthique économique et sociale
3 Place Montesquieu, B-1348 Louvain-la-Neuve, Belgium
tel: (32)(10) 473951; fax: (32)(10) 473952; e-mail: vanparijs@espo.ucl.ac.be

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