

BIEN - Basic Income Earth Network

NEWSFLASH 52 Summer 2008

www.basicincome.org

The Basic Income Earth Network was founded in 1986 as the Basic Income European Network. It expanded its scope from Europe to the Earth in 2004. It serves as a link between individuals and groups committed to or interested in basic income, and fosters informed discussion on this topic throughout the world.

The present NewsFlash has been prepared with the help of *Paul Nollen, Markus Blümel, David Casassas, Rachel Collins, Thérèse Davio, Phil Dines, Daniel Dumont, Elisa Grazzi, Sandro Gobetti, Claudia & Dirk Haarmann, Seán Healy, Dirk Jacobi, Günter Sölken, John Tomlinson, Philippe Van Parijs, and Karl Widerquist.*

This NewsFlash can be downloaded as a PDF document on our website www.basicincome.org

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1. Editorial: 12th BIEN Congress is tremendous success

The *Basic Income Earth Network* held its Twelfth International Conference in Dublin, Ireland, June 20-21, 2008. The local organizing committee was led by Sean Healy with the support of the *Council of Religious of Ireland* (CORI). The event was attended by 261 people from 23 countries, and more than 80 presentations were given. Written remarks from 52 of those presentations have been posted on the web so far.

The theme of this World Congress was *Inequality and Development in a Globalised Economy: The Basic Income Option*. Plenary presenters included: Peter Townsend (London School of Economics), Michael Kitt (Government Minister, Department of Foreign Affairs, Ireland), Carole Pateman (School of European Studies, Cardiff University, UK and UCLA, USA), Katja Kipping (Member of the German Parliament representing the Left Party), Hugh D. Segal (Senator, Canadian Parliament representing the Conservative Party), Pablo Yanes (The Mexican Basic Income Network), Charles M. A. Clark (Professor of Economics, St John's University, New York), Richard Caputo (Professor of Social Policy & Research, Yeshiva University, New York), Philippe Van Parijs (University of Louvain, Belgium, and Harvard University, USA), Guy Standing (University of Bath).

The conference closed with the twelfth biannual General Assembly of BIEN's membership. About 100 BIEN members attended. At the meeting, Guy Standing and Eduardo Suplicy stepped down as co-chairs and were both elected as honorary co-presidents. Along with Philippe Van Parijs (chair of BIEN's International Board), Guy Standing and Eduardo Suplicy will be part of the public face of BIEN although they will no longer take part in the day-to-day running of the network. Four national organizations applied for and became BIEN affiliates at the General Assembly, bringing the total number of BIEN affiliates to 16. The new BIEN affiliates represent the nations of Canada, Italy, Japan, and Mexico. The General Assembly elected four women and four men to fill the roles of BIEN's new Executive Committee (EC) for the next two years. The members of the new EC are Karl Widerquist, of the University of Reading-UK (co-chair); Ingrid Van Niekirk, of the Institute for Public Policy Research-University of Cape Town-South Africa (co-chair); David Casassas, of the Universitat Autònoma de Barcelona-Spain (Secretary); Yannick Vanderborght, of the Facultes Saint-Louis in Brussels & University of Louvain-Belgium (NewsFlash Editor); Almaz Zelleke, of The New School-USA (Treasurer-Fundraiser-Regional Coordinator); Simon Birnbaum, of the University of Stockholm-Sweden (Website manager); Eri Noguchi, of the Association to Benefit Children-USA (Regional Coordinator-Fundraiser); and Louise Haag, of the University of York-UK (Regional Coordinator-Fundraiser). James Mulvale of the University of Regina-CA was co-opted by the committee to be a nonvoting member of the EC as an additional Regional Coordinator-Fundraiser.

The General Assembly chose Sao Paolo as the location for its Thirteenth Congress, which will be held in June or July of 2010. The organizer of the Sao Paolo conference (to be named later) will become a member of the BIEN EC.

Karl Widerquist, co-chair of BIEN

For a link to the conference papers go to: <http://www.basicincomeireland.com/>

2. NEW ISSUE OF BASIC INCOME STUDIES

Basic Income Studies (BIS), the international academic journal of basic income research, has published the first issue of its third volume, with which BIS expands to three issues per year. The format of each issue will change slightly but the types of articles published in the course of a year will be very much the same. In the past, each issue included Research Articles, shorter Research Notes, Book Reviews, and a Debate Section with several authors contributing short articles on a single topic. Beginning with this volume, two issues per year will feature Articles, Notes, and Book Reviews, while the final issue will be entirely devoted to an expanded Debate with longer contributions by each participant. BIS is sponsored by BIEN.

The current issue includes the following articles:

- * 'Basic Income and the Labor Contract', by Claus Offe
- * 'How Cash Transfers Promote the Case for Basic Income', by Guy Standing
- * 'Basic Income and the Canadian Welfare State: Exploring the Realms of Possibility', by James P. Mulvale
- * Book review of Joel F. Handler and Yeheskel Hasenfeld, *Blame Welfare, Ignore Poverty and Inequality*, by Lindsay Stirton
- * Book review of Charles Murray, *In Our Hands: A Plan to Replace the Welfare State*, by Almaz Zelleke
- * Book review of Paul Kershaw, *Carefair: Rethinking the Responsibilities and Rights of Citizenship*, by Zhan McIntyre

These articles and all articles from past issues of BIS can be found online at www.bepress.com/bis/.

3. EVENTS

- * **MADRID (ES)**, 24 April 2008: Seminar on Human Rights.

To mark the occasion of the Fiftieth Anniversary of the Universal Declaration of Human Rights and the publication of a book devoted to this subject, several human rights organizations, together with the Office for Human Rights of the Ministry of Foreign Affairs, held a Seminar at Madrid's "Casa de América" which included speeches by prominent jurists like José Antonio Martín Pallín (member of Spanish Supreme Court) or Álvaro Gil Robles (former Spanish Ombudsman), among others. Basic Income was accorded outstanding importance with a talk by Daniel Raventós on Basic Income as one of the "Emerging Human Right" the organizers of the Conference aimed to push for ("Emerging Human Rights" also include the "right to peace", the "right to development" and the "right to water", among others). All sessions had an audience of nearly 100 attendees.

<http://www.casamerica.es/>

- * **BUENOS AIRES (AR)**, 6 May 2008: "Basic income and democracy".

The Red Argentina de Ingreso Ciudadano (Redaic) organized a workshop on "Basic Income and Democracy: the position of political parties in Argentina and Spain. The event took place May 6th, at Bauen Hotel. There was a panel with the participation of Antoni Doménech, from the University of Barcelona and General Editor of Sin Permiso (www.sinpermiso.info) and Rubén Lo Vuolo, principal researcher at the Interdisciplinary Center for the Study of Public Policies (Ciepp) and President of Redaic. The panel was followed by a general discussion

with the audience, with the participation of students, academics and activists from social movements.

* **COVENTRY (UK)**, 12 August 2008: Meeting on the Citizen's Income

Coventry's local section of the Green Party of England and Wales organized a meeting on basic income, which was held at the Coventry Peace House on August 12th, 2008. The Citizen's income is currently part of the Green Party platform.

For further information, see "Coventry Green Voice", the blog of Scott Redding (local party co-ordinator for the Coventry Green Party), at <http://coventrygreenparty.blogspot.com/>

* **HELSINKI (FI)**, 26 August 2008: Claus Offe on basic income.

Claus Offe, one of the world's leading political sociologists and a former member of BIEN's EC, will give a lecture on Economic Citizenship Rights at the University of Helsinki, Finland. The title of the Conference is: "Economic Citizenship Rights. The Unconditional Basic Income and Related Schemes of Distributional Justice"

Time: Tuesday 26 August 2008, 2-4pm

Place: Metsätalo, Unioninkatu 40, Lecture room 1, Helsinki

Language: English

For further information contact either Heidi Haggren at Heidi.Haggren@helsinki.fi or Olivia Packalén at Olivia.Packalen@helsinki.fi, Department of Social Science History, University of Helsinki.

* **GERMANY-AUSTRIA-SWITZERLAND**, 15-21 September 2008: Basic Income Week

In the run-up to the 3rd German speaking BI congress which will take place Oct. 24-26th in Berlin, the Austrian, German and the Swiss basic income networks decided to organize a Basic Income Week ("Woche des Grundeinkommens", see www.woche-des-grundeinkommens.org) for the first time. The intention is to reach out and to initiate discussions on the question of our future social security system – under the conditions of an existing world-wide flexible capitalism and "work-fare"-states – can be developed. The aim is to get a wide-spread open debate on basic income as an alternative, especially to means tested schemes. From September 15 to 21, in all cities and towns with local Basic-Income-Initiatives all over Austria, Switzerland and Germany we will have a great variety of events, political discussions as well as cultural performances. A broad and colourful range of events are planned in cities like Berlin, Hamburg, Cologne, Vienna, Basel, as well as in smaller cities.

In Berlin (DE), a roundtable discussion with high-ranked politicians will be held on Monday September 15th, followed by smaller events and street performances all over the city, finally leading to a main rally at Alexanderplatz on September 20th, and a connected small Basic-Income festival, including movies, music, readings and more.

In Austria, there will be discussions, debates, talks etc. in many of the country's cities. Various aspects of the BI debate will be discussed such as "The working class movement and its work ethic", "Solidarity Economy and BI", "Green arguments for a BI", "BI for a new social security system". A "world café" will be held to discuss the BI-experiment in Namibia in the context of "Social cash transfers" and development cooperation. A "pre-conference", in order to prepare and mobilize for the Berlin congress in October, will be held on Sept. 20th in

Vienna. Workshops on topics such as “time sovereignty”, “sustainability” or “knowledge work” will be organized. The week will be held only two weeks before federal elections take place in Austria. Three parties (the Greens, the Liberals and the Communists) had already planned to participate in the BI week.

See www.woche-des-grundeinkommens.org

See www.grundeinkommen.de, www.grundeinkommen.at, and www.bien-ch.ch

The organizers would like to implement the “Basic Income Week” as an annual international attraction, similar to the internationally celebrated Labour Day. For further information, please do not hesitate to contact the representatives of the different Basic Income Networks: office@grundeinkommen.at (Austria), kontakt@grundeinkommen.de (Germany), kontakt@bien-ch.ch (Switzerland)

* **BERLIN (DE)**, 24 – 26 October 2008: Third German Basic Income Congress

“On the Way to Basic Income – Unconditional and Viable” (“Auf dem Weg zum Grundeinkommen - bedingungslos und existenzsichernd”). Under this title, the Berlin Congress will discuss a wide range of approaches to basic income, from philosophical concepts to practical policy proposals. Current congress plans are published on the German Basic Income Network's website www.grundeinkommen.de. Presently, the schedule offers more than ten main events such as lectures and panel discussions as well as 36 workshops to be held in two blocks of two hours each.

For further information: <http://www.grundeinkommen.de> (see also NewsFlash 49).

* **BUENOS AIRES (AR)**, 6-7 November 2008: Conference on Basic income

A Basic Income Ibero-American Conference, organized by the *Red Argentina de Ingreso Ciudadano* (Redaic), will take place November 6th and 7th at the Centro Cultural de la Cooperación, in Buenos Aires, Argentina. The participation of numerous experts from Spain and Latin America is expected. Discussion will focus on the following issues: BI and tax reforms, BI vs employment programs, BI vs conditioned cash transfer programs, BI and democracy, BI and the local level, BI and social movements. More information at www.ingresociudadano.org.

* **NEW YORK (US)**, 27 February – 1 March 2009: The Eighth Congress of the U.S. Basic Income Guarantee Network

The U.S. Basic Income Guarantee (USBIG) Network will soon officially announce its Eighth Congress, which will be held at the Sheraton Hotel in New York City February 27 – March 1, 2009. Senator Hugh Segal of Canada and Senator Eduardo Suplicy of Brazil have been invited to speak at the event. An open call for papers and presentations will soon be announced. Activists, scholars, and people interested in the topic are welcome to attend the event, which will be part of the Eastern Economic Association Annual Meeting. The deadline for presentation proposals is October 31, 2008.

More information will soon be on the USBIG website at: www.usbig.net

For more information or to submit a proposal, please contact: Karl Widerquist Karl@widerquist.com

4. GLIMPSES OF NATIONAL DEBATES

* **ISRAEL:** Negative income tax in four areas

On July 29th, 2008, the Finance Committee of Israel's parliament decided that people eligible for the negative income tax would get their first payment on October 15. The Israeli negative income tax is closer to the Earned Income Tax Credit than it is to the variant of the guarantee income usually known as the negative income tax. It is conditional on labor market participation. The committee decided that the 400,000 eligible people can file their requests by August 31. MP Silvan Shalom (Likud) tabled the initiative. "Today we took a great leap forward in launching the revolution that will add hundreds of shekels a month to low-income earners and to people who do not reach the tax threshold," he said. "This law will bring about a real reduction in social gaps, reduce the number of poor, and give the economy a great boost."

But on August 21, 2008, Globes Online (Israel's Business Newspaper) announced that the negative income tax would only be paid for 2009 to residents in the following areas: Jerusalem, the Ashkelon-Sderot area, Nazareth and Upper Nazareth, and Hadera. "This effectively means cancelling the nationwide implementation of the negative income tax indefinitely, in breach of the cabinet decision, the instructions of the prime minister, and the staff work on the negative income tax two years ago", Globes Online concludes.

For further information, see:

<http://www.globes.co.il/serveen/globes/DocView.asp?did=1000366450&fid=1725>

<http://www.globes.co.il/serveen/globes/docview.asp?did=1000374571&fid=942>

* **NAMIBIA:** Member of the European parliament visits Pilot Project in Namibia

The Basic Income Pilot Project in Namibia continues to attract international attention. On July 18th, Sepp Kusstatscher, a Member of the European Parliament for the German Green Party, visited the Pilot Project in Otjivero. Kusstatscher, who has been a strong supporter of Basic Income within the Greens/EFA Group in the last years, wanted to gain first-hand experience of how Basic Income can successfully combat poverty. "One of the most common killer-sentences against Basic Income is that it would make people lazy. The project in Otjivero shows exactly the opposite: we met a young man who set up a small shop and a woman who started selling bread. They were both proud of themselves and of their re-gained dignity. Moreover, in Otjivero there is no children malnutrition anymore and school attendance has consistently improved. The crime rate has heavily decreased and begging has disappeared", Kusstatscher argues. "The inhabitants of Otjivero have taken responsibility: a committee of 8 elected members is offering advice on how to manage and save money and checks that the local Sheebeens (bars) keep closed on the day of the Basic Income payout, as they promised, and that people don't waste the money in alcohol".

The project in Otjivero is closely monitored through statistics conducted by Claudia and Dirk Haarmann, sociologists and managers of the project on behalf of the Evangelical Church in Namibia. They are working on the first monitoring Report, which will summarise the first six months of project and will be issued in September.

The BBC in cooperation with the ARD (German TV) has done a short report on Otjivero, which has been screened on Tuesday August 5th and Wednesday August 6th in the morning in the German TV show 'ARD Morgenmagazin'.

Reports of the visit to Otjivero of Sepp Kusstatscher and his team:

Italian: http://www.kusstascher.net/newsdetail_new.asp?lProductID=129724&L=2

German: <http://markus-lobis.blog.de/2008/07/19/bericht-aus-otjivero-teil-ii-am-15-jeden-4471172>; http://www.kusstascher.net/newsdetail_new.asp?lProductID=130085&L=1

*** UNITED STATES:** Small basic income gets cautious support from Senator Obama

USBIG reports that a new movement has sprung up recently in the US that links limits on CO2 emissions with a small basic income. Peter Barnes, Senior Fellow of "On the Commons", is promoting the "cap and dividend", which is basically a resource dividend applied to CO2 emissions. Under the plan, the Federal government caps CO2 emissions, and auctions off the limited number of permits to the sellers of oil, coal, natural gas and any other CO2-emitting products. The companies will pass the cost of the permits onto consumers, so that each person pays proportionately to the amount of CO2 emissions they are responsible for. The government can further reduce emissions each year, which will likely raise the price of permits. The government redistributes the revenue from the auction equally to all citizens in the form of a monthly or yearly dividend. The dividend represents exactly one per capita share of the cost of the emissions permits. That means that a person who emits an average amount of CO2 receives back in her dividend just as much as she pays in higher fuel costs; a person who emits more than average pays more in higher fuel costs than she receives in the dividend; and a person who emits less than average receives more in her dividend than she pays in higher fuel cost. Therefore, cap and dividend redistributes from those who pollute more to those who pollute less.

The dividend is also a small basic income guarantee. According to CapandDividend.org, "Cap and dividend is a simple, market-based way to reduce CO2 emissions without reducing household incomes. It caps fossil fuel supplies, makes polluters pay, and returns the revenue to everyone equally." "Cap and Dividend" has gotten well-known politicians to endorse basic income, perhaps without even realizing it. Former Vice-President Al Gore and Former Treasury Secretary Robert Reich have both endorsed cap and dividend, and it is beginning to be discussed by legislators, a few of who have seen the connection with basic income (see BIEN NewsFlash 51). According to the Cap and Dividend website, "For some time, Barack Obama has supported a carbon cap and 100% auction of carbon permits. Now he's calling for returning a 'huge chunk' of auction revenue to consumers to offset higher energy prices." Rolling Stone Magazine quoted Obama saying, "If we institute a cap-and-trade system, that's going to mean higher prices for consumers, so a huge chunk of that has to go back to consumers in the form of rebates, so they don't feel the pinch as badly." Whether Obama's version of the tax rebate will take the form of universal grant remains to be clarified.

For further information: <http://www.capanddividend.org/>

UK-based project: <http://www.capandshare.org/>

*** UNITED STATES:** Alaskans may get a second dividend this year

USBIG reports that Alaska governor Sarah Palin (Republican Party) is proposing to give a second dividend of US\$1200 to all Alaskans who are eligible for the Alaska Permanent Fund dividend, which will probably be worth about US\$1500 this year (2008). That would be a

total of something in the neighborhood of US\$2700 per person or more than \$13,500 for a family of five--about US\$800 dollars more per person than the dividend has ever been before.

According to USBIG, recent high energy prices have created a mixed blessing for Alaska which provides two different motivations for the Governor's proposal. First, Alaskans pay a lot for energy. Although they export oil, they have to import gasoline because there are few refineries in the state. Alaska has an extremely low population density so that most Alaskans find themselves driving or flying long distances on a regular basis. Of course, their cold climate makes them large consumers of energy. Second, most of the state's tax revenue comes from taxes on oil, and the high price of oil has put the government in the enviable position of trying to decide what to do with its enormous budget surplus. The increase in oil prices has in this way simultaneously caused most Alaskans to have much lower disposable income and the Alaskan government to have a much higher disposable income. Therefore it makes a great deal of sense for the government to pay its citizens a dividend. According to Gregg Erickson, one of the architects of the original Permanent Fund in 1982, state officials expect revenue of US\$15.9 billion for each of fiscal years 2008 and 2009. Gov. Palin's proposed budget calls for spending US\$8.8 billion per year. That is an enormous potential surplus of US\$7.1 billion. Dividing that money for each Alaskan, as Erickson recommends, would create a one-time dividend of US\$10,757 plus the Permanent Fund for a total of more than US\$12,000 per person or the enormous sum of US\$60,000 for a family of five. It sounds outlandish, but all of that money comes from Alaska's oil revenue and Alaska's constitution states that every resident of Alaska equally owns Alaska's resources. That huge payment would be no more than their ownership entitles them, but it is much more than they are likely to get.

If the government simply donated the US\$7.1 billion surplus to the Permanent Fund it would increase the principal by nearly 20%, which would in turn increase the dividend every year from now on and eventually adding up to far more than US\$10,757 per person. One simple reform that has not yet been seriously considered in Alaska would be to mandate that all state budget surpluses be invested in the Permanent Fund. Given the current outlook for oil prices such a strategy would lead to large and *permanent* increases in the Alaska dividend within only a few years. Instead, according to Erickson, US\$5 billion of this year's surplus has already been devoted to a government rainy-day fund to be spent the next time the budget is in deficit. Most of the rest of the money is likely to go to other government projects. Governor Palin's proposal for a US\$1200 one-time dividend represents only a small percentage of the oil-boom created budget surplus. Nevertheless, it is controversial, with legislators calling for many different ways to spend the surplus, and different ways of dealing with the high price of energy--some of which amount to subsidies to energy suppliers. Legislators rejected a smaller one-time grant of US\$500 per person in April. That grant, however, would have come *out* of the Permanent Fund causing all future dividends to be slightly smaller. The new proposal is an additional grant that is apparently not financed by taking money out of the Permanent Fund.

The Alaska Permanent Fund itself has had hard financial times recently. The decrease in the stock market has caused a significant drop in the value of its principal. The fund reached a high of US\$40 billion dollars last year, but it is now down to US\$37.65 billion. Oil prices of more than US\$100 a barrel have added new tax revenue to the fund, but state taxes on oil are low and the fund receives only 1/8th of those taxes. Also, the fund's accumulated principal is now so large that asset-price fluctuations often have a greater impact on the fund than new tax revenues. The actual size of the dividend is only slightly affected by short-term changes in oil prices or the value of the firms, because the dividend is calculated from a five-year average of

returns to the fund's assets. Fund managers credit diversification with reducing the impact of stock market declines on the fund. Only ten percent of the fund is invested in domestic stocks with ten percent more in foreign stocks. Much of the rest of the fund is in domestic and foreign bonds, which have performed much better over the past year.

For Gregg Erickson's column go to: <http://www.adn.com/opinion/story/367149.html>

Other sources include *KTUU news* and the *Juneau Empire*.

* **MONGOLIA:** Ruling Party Promises to Set Up an Alaska-Style Dividend

The *Mongolian People's Revolutionary Party* (MPRP), which recently retained power in contested elections, has promised to set up an Alaska-style dividend program once it works out an agreement with international companies. According to the *Associated Press* (June 30, 2008), "The MPRP promised to give each citizen a cash dividend of 1.5 million Tugrik dollars (US\$1,300 [EUR880]) once mining production starts. It will also set up a 'Gift of the Motherland' fund similar to the Alaska Permanent Fund, which pays dividends to the state's residents from oil revenues." The main opposition party, the *Mongolian Democratic Party*, "promised to issue a 'Treasure Share' worth 1 million Tugrik dollars (US\$860 [EUR582]) to each citizen. It also would set up a public 'Bayan Mongol' (Rich Mongol) corporation to develop mining deposits and make all Mongolians shareholders." Implementation of either program is still years away at best.

See: <http://www.newser.com/article/d91kddo00/preliminary-results-show-mongolias-ruling-party-winning-majority-in-parliamentary-poll.html>

-- From USBIG

* **TAIWAN:** Discussion of Negative Income Tax

USBIG reports that, according to a recent editorial in the *Taipei Times*, members of the incoming Taiwanese administration, especially Vice President Vincent Siew and Minister of Finance Lee Sush-der, have talked seriously about introducing a Negative Income Tax in Taiwan. President Ma Ying-jeou included it in a discussion paper during the presidential campaign, although it was not a major issue. Neither social welfare groups nor labor rights groups have been consulted yet. The plan under discussion is seen as a serious social welfare measure along the lines of the Negative Income Tax that was discussed in the United States in the 1960s and 1970s. According to the editorial, entitled "Would negative income tax work?", by Chou Li-Fang, "Initial estimates are that 900,000 households—3,200,000 people—would benefit from such a system, while the government would have to spend an extra NT\$25 billion per year."

For the editorial go to:

<http://www.taipetimes.com/News/editorials/archives/2008/05/21/2003412480>

For additional information go to:

http://news.cens.com/cens/html/en/news/news_inner_23675.html

* **SOUTH AFRICA:** Buthelezi and Other South African Leaders Support basic income

Mangosuthu Buthelezi, leader of the *Inkatha Freedom Party*, urged the ANC to adopt a Basic Income. Speaking on the occasion of the budget vote of the Presidency, Cape Town, June 11 2008, Buthelezi said, "Will the Presidency now accept that a Basic Income Grant must be urgently introduced? Failure to do so will, I fear, result in the widespread rioting and looting that we have witnessed in countries from Egypt to Indonesia. The consequences for our

already fragile national unity are simply too terrible to comprehend.” COSATU (Congress of South African Trade Unions) opposed government proposals for a wage subsidy to help bring low-income workers into the economy. Instead, it called for the money to be used for the implementation of a basic income grant. The People's Budget Coalition, an important NGO, also reiterated its call for a basic income grant. The Black Sash, an important human rights lobbying group, reiterated its call for a “bold, comprehensive and sustainable plan to alleviate poverty,” including a Basic Income Grant.

For the full text of Buthelezi's reply to Mbeki's budget vote go to:

<http://www.politicsweb.co.za/politicsweb/view/politicsweb/en/page71619?oid=91569&sn=Detail>

For the story on COSATU, go to:

<http://www.businessday.co.za/articles/national.aspx?ID=BD4A711908>

For the People's Budget Coalition, go to:

http://www.mg.co.za/articlepage.aspx?area=/breaking_news/breaking_news_business/&articleid=332718

For the story on Black Sash go to:

http://www.iol.co.za/index.php?set_id=1&click_id=6&art_id=nw20080514174147847C103325

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5. PUBLICATIONS

*ENGLISH

BRADSHAW Jonathan & al. (2008), *A minimum income standard for Britain: what people think*, York (UK): Joseph Rowntree Foundation, 57 p., available at:

<http://www.jrf.org.uk/knowledge/findings/socialpolicy/2244.asp>

This research by Jonathan Bradshaw, Sue Middleton, Abigail Davis, Nina Oldfield, Noel Smith, Linda Cusworth and Julie Williams, aimed to find out what level of income people think is needed to afford a socially acceptable standard of living in Britain today, and to participate in society. The study compiled household budgets to calculate the first-ever minimum income standard (MIS) for Britain. Combining expert knowledge with in-depth consultation with members of the public, the MIS standard provides a new benchmark to inform future poverty debates and public policy decisions affecting the incomes of those worst off. The research will be of relevance to people who measure poverty and to all those whose actions influence basic disposable incomes.

Thirty-nine groups from different kinds of household (such as families with children, pensioners and single people) had detailed discussions about the necessary elements of a household budget for each family type. Experts looked at these budgets to ensure that they provided an adequate diet and met basic needs like keeping a home warm. According to what people said, in order to maintain a minimum, socially acceptable quality of life in 2008:

- o a single working-age adult needs a budget of £158 per week;
- o a pensioner couple needs £201;
- o a couple with two children needs £370; and
- o a lone parent with one child needs £210.

The MIS is not perfect, the authors argue. Many individual households will have needs that go

well beyond a common standard that covers the whole population. As a national standard it does not create an acceptable living standard for every individual, but it does set a level that members of the public believe it is socially unacceptable for anyone to live below. It does not replace existing poverty measures, but will act as a benchmark that helps to interpret them. The MIS therefore represents a new and important tool for informing social policy in order to promote fairness and well-being in Britain.

According to co-author Jonathan Bradshaw, Professor of Social Policy at the University of York, “Until now, poverty assessments have been largely based on rather arbitrary measures of relative income, which are helpful for monitoring trends but leave unanswered the question of how much income is enough. Based on these public assessments, almost everyone defined as living below the official poverty line falls short of what people judge to be adequate for their fellow citizens – sometimes by quite a long way.”

The report is available at: <http://www.jrf.org.uk/knowledge/findings/socialpolicy/2244.asp>

FOUNDATION FOR LAW, JUSTICE AND SOCIETY & various authors (2008), *Basic Income and Income Support in the Modern Welfare State*, Oxford: Foundation for Law Justice and Society, available for download at <http://www.fljs.org/section.aspx?id=1962>

Income support raises particularly interesting challenges for the formation of a modern social contract. Who should be assisted? What should be the level of assistance? How should eligibility be established? By examining three types of recipient - the unemployed, retired, and the disabled - these policy briefs and report (from an International Conference organized in Oxford in October 2007) examine the prevailing policies and trends in Western countries, from the American model to the Scandinavian, including an assessment of the provocative proposal of a guaranteed basic income.

Contributions include:

'A Community-Based Guaranteed Income', by Amitai Etzioni (with Alex Platt);

'A Living Income for Every American: Jobs and Income Strategies for the Twenty-First Century', by Peter Edelman;

'Guaranteed Income as a Replacement for the Welfare State', by Charles Murray

'The Feasibility of a Basic Income', by Michael Opielka;

'The Contract for Income Support and Pensions in the Modern Welfare State', by Amir Paz-Fuchs;

'Pension Crisis or Pension Rethink?', by Dalmer D. Hoskins;

'The Rise in Uncertainty and Reforms of Social Security Systems in Chile and Sweden', by Avia Spivak;

'Disability Benefit Reform and the Contract for Income Support', by Frank S. Bloch.

The Foundation for Law, Justice and Society is an independent institution affiliated with the Centre for Socio-Legal Studies at the University of Oxford, and with Wolfson College.

<http://www.fljs.org/section.aspx?id=1962>

FUMAGALLI, Andrea & LUCARELLI, Stefano (2008), 'Basic income and productivity in cognitive capitalism', *Review of Social Economics*, Vol. LXVI, issue 1, March 2008: 14-37.

In this article basic income (BI) is not considered merely as a measure to raise both living standards and social well-being. Rather, the authors argue that it should be seen as an indispensable structural policy for achieving a healthier social order governed by a more

equitable compromise between capital and labour. Embracing the French Regulation School approach, Fumagalli (University of Pavia) & Lucarelli (University of Bergamo) maintain that such a compromise is founded on the redistribution of the gains of productivity. In advancing the argument, they focus on the socio-economic transformation that has overtaken the Fordist paradigm within Western Countries and propose the term Cognitive Capitalism (CC) to describe the economic system. The authors address the relationship between the exploitation of knowledge and the accumulation of surplus, pointing out that such a process is based on the exploitation of dynamic scale economies. Their analysis highlights the ambiguity concerning the growth circle of contemporary capitalism. According to Fumagalli & Lucarelli, BI is compatible with the present form(s) of accumulation, as it increases productivity, through network and learning processes whilst increasing demand via levels of consumption. Such a result is not always guaranteed. It depends, on the one hand, upon how much BI positively affects productivity; the greater this probability, the lower the role played by intellectual property rights and the higher the diffusion of network economies (general intellect and social cooperation) and on the other, it depends upon the way BI is financed.

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MOREIRA, Amilcar (2008), *The activation dilemma. Reconciling the fairness and effectiveness of minimum income schemes in Europe*, The Policy Press, 168 pages

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The activation dilemma by Amilcar Moreira explores the employment effectiveness of minimum income schemes, and provides the first comprehensive examination of its dependency on how the rights and obligations of the recipients are defined. The activation of social welfare recipients has been, and still is, a central issue in the development of social and employment policies in Europe. The book argues that the right to a minimum income can only be adequately justified with reference to the individual's right to personal development. Combining political theory and policy analysis, the author draws on evidence from eight different European countries to illustrate how it is possible to combine higher levels of employment effectiveness with the respect for recipients' right to personal development. Amilcar Moreira is a research fellow at The Irish Longitudinal Study of Ageing, Trinity College Dublin. His work has concentrated on the 'work versus welfare' nexus and explores the connection between political theory and policy analysis.

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For further information, please contact Jessica Hughes (Jessica.Hughes@bristol.ac.uk)

OPIELKA, Michael (2008), 'The likelihood of a basic income in Germany', *International Social Security Review*, 61(3), 73-94.

In this paper, Michael Opielka (Faculty of Social Welfare, University of Applied Sciences, Jena) discusses whether the likelihood of Germany introducing a basic income policy — that is independent of labour market participation — has increased in recent years. A brief description of the main elements of the German welfare state is followed by a critical analysis of more recent developments in guaranteeing a basic income, not least with the 2003 merger of unemployment benefits and social assistance. Since then the resulting fears of downward

mobility felt even by the middle classes have reignited the 1980's debate about a basic income. Two models (the "basic income guarantee" and the "solidarity citizen's income") are used to discuss practical system design problems and the chances of realizing a basic income policy.

SCHAERER, Alec (2008), 'Perspectivity and Universality Applied to the Discrepancy between Theoretical Economics and Eco-Social Reality', *International Journal of Transdisciplinary Research*, Volume 3, Issue 1.

This article uses a new heterodox economic theory to legitimize unconditional basic income.

The article is available at www.ijtr.org <http://www.ijtr.org>

Author's address: sascha@magnet.ch

*** GERMAN**

STRENGMANN-KUHN, Wolfgang (2008), 'Die Mogelpackung der Steuersenker', *Financial Times Deutschland*, 5 June 2008.

Member of Parliament for the Green Party and BIEN life-time member Dr. Wolfgang Strengmann-Kuhn replied to the present debate about tax cuts in Germany in a contribution to the German edition of the *Financial Times*. He argued that despite assertions by several politicians, tax cuts don't lead to more net income for all. People with a low income don't pay taxes and as a consequence they won't profit from tax cuts. As an alternative Dr. Wolfgang Strengmann-Kuhn proposed the introduction of a Basic Income in the form of a negative income tax as the most effective way to combat income poverty.

The article is available at <http://www.strengmann-kuhn.de/?p=90>

FUEST Clemens & PEICHL, Andreas (2007), 'Grundeinkommen vs. Kombilohn: Beschäftigungs- und Finanzierungswirkungen und Unterschiede im Empfängerkreis', Finanzwissenschaftliches Forschungsinstitut an der Universität zu Köln: *FiFo-CPE Discussion Papers Finanzwissenschaftliche Diskussionsbeiträge*, No. 07-09, November 2007, ISSN 0945-490X, available in PDF at http://opus.zbw-kiel.de/volltexte/2008/7039/pdf/FiFo-CPE-DP_07-09.pdf

Basic income vs. Wage subsidy: Labour supply, fiscal effects, and differences in recipients: The economic literature often argues that basic income schemes and low wage subsidies to employees are just special cases of a negative income tax. In this debate, it is ignored that these concepts target different population subgroups. This paper investigates the different target groups and the particular implications on government budget and labour supply. A basic income scheme doubles the number of net benefit receiving persons whereas a more targeted wage subsidy increases this number by only 10%. These differences explain why wage subsidy programs can be financed and evoke positive labour supply effects, while basic income schemes either lead to high costs or to negative employment effects.

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*** ITALIAN**

FUMAGALLI, Andrea (2007), *Bioeconomia e capitalismo cognitivo. Verso un nuovo paradigma di accumulazione* (Bioeconomy and cognitive capitalism. Toward a new paradigm of accumulation), Roma: Carocci Editor, 240p.

The last thirty years have seen the crisis of the Fordist paradigm and the implementation of structural changes in the capitalist mode of production, Fumagalli argues in his latest book. The role of money and financial market has changed, while capital accumulation and value creation are increasingly based on new labour forms and intangible production. The old redistribution rules are being cancelled, while we witness the fall of welfare politics. In particular, knowledge and space represent today the most important economic variables that determine economic dynamics. This book investigates these changes using a multidisciplinary approach and points out the contradictory and critical elements in what has been described as “cognitive capitalism”, where the entire existence is subdued to value rules in a “bio-economic” production model. The life is put to work, and the remuneration of life is basic income!

Author's address: afuma@eco.unipv.it

6. NEW LINKS

* BASIC INCOME IN AUSTRALIA

The idea of a “basic income for all” was briefly discussed on ABC Radio National Australian Broadcasting on July 14, 2008. The transcript is currently available at <http://www.abc.net.au/rn/perspective/>

* CITIZEN'S INCOME NEWSLETTERS

UK's Citizen's income Trust just published both the second and third editions of the Citizen's Income Newsletter for 2008. Available at : <http://www.citizensincome.org/>

* UK'S CITIZEN'S INCOME TRUST PUBLISHES LEAFLET FOR STUDENTS

The Citizen's Income Trust has published a new A3 size leaflet designed for students of economics, social policy, etc. On one side there is a history of income maintenance in the UK, and on the other an introduction to Citizen's Income. Copies can be downloaded from the website at <http://www.citizensincome.org> and hard copies are available from Dr. Malcolm Torry, Citizen's Income Trust, P.O. Box 26586, London SE3 7WY, UK.

7. ABOUT THE BASIC INCOME EARTH NETWORK

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Karl WIDERQUIST Karl@Widerquist.com, University of Reading, United Kingdom

Further details about BIEN's Executive Committee and International Board can be found on our website www.basicincome.org, as well as further information about the Recognised National Networks.

MEMBERSHIP

All life members of the Basic Income European Network, many of whom were non-Europeans, have automatically become life members of the Basic Income Earth Network. To join them, just send your name and address (postal and electronic) to David Casassas david.casassas@uab.cat, Secretary of BIEN, and transfer EUR 100 to BIEN's account 001 2204356 10 at FORTIS BANK (IBAN: BE41 0012 2043 5610), 10 Rond-Point Schuman, B-1040 Brussels, Belgium. An acknowledgement will be sent upon receipt.

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