
BIEN The Basic Income European Network

BIEN was founded in 1986 and aims to serve as a link between individuals and groups committed to or interested in basic income, and to foster informed discussion on this topic throughout Europe.

Link to BIEN Online at <http://www.basicincome.org>

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BIEN's *NewsFlash* contains up-to-date information on recent events and publications related to BIEN or basic income more generally. The *NewsFlash* is mailed electronically every two months to over 800 subscribers throughout Europe and beyond, and simultaneously made available for consultation or download at [BIEN Online](#). Requests for [free subscription](#) or [items for inclusion or review](#) in future *NewsFlashes* are to be sent to BIEN's secretariat: Philippe Van Parijs, 17 rue de Pavie, 1000 Brussels, Belgium, E-mail: bien@etes.ucl.ac.be.

This *NewsFlash* has been prepared with the help of Kathrin Bauer, Loek Groot, Laurence Jacquet, Eduardo Suplicy and Yannick Vanderborght.

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1. EDITORIAL

Our 2000 Congress is taking shape. This third *NewsFlash* contains the list of the 48 papers selected for presentation within the framework of the four parallel workshops. Do bear in mind that the 1st of July is the deadline for registration at the reduced rate. This *NewsFlash* also contains the table of contents of an important forthcoming book, now at the printer's, largely based on presentations at our 1998 Congress.

Eduardo Suplicy, a member of the left-wing Workers' Party (PT) representing the huge state of Sao Paulo in Brazil's federale Senate, has been actively involved in BIEN for many years. Milton Friedman, professor emeritus at the University of Chicago, is often presented as the father of the negative income tax, sometimes depicted as the right-wing version of basic income. Senator Suplicy asked Professor Friedman a number of precise questions, which Friedman conscientiously answered. On Suplicy's suggestion, the full text of this interesting exchange is reproduced in this news flash.

The content of the first three news flashes will be integrated into the first issue of our new-style printed newsletter, henceforth produced with the collaboration of the Citizen's Income Research Centre (London). This newsletter will be mailed twice a year (June and December) to all fee-paying members of BIEN and Citizen's Income. If you wish to become a member of BIEN, follow the instructions at the end of this newsletter. Do consider, in particular, becoming a life member, as 40

people from 15 countries have done so far. Simple for you. Simple for us. And an invaluable expression of trust and support. Advantageous rates are available for combined membership and congress fees.

BIEN's Executive Committee

2. BIEN'S 8TH CONGRESS (BERLIN 2000)

REGISTRATION

The deadline for registration is July 15th, but there is discount for early registration (before July 1st). Do consider taking this opportunity to become a life member of BIEN at an advantageous rate. The conference fees (excluding accommodation) are as follows:

- REGULAR fee: Euro 80 (70 before July 1st)
- COMBINED fee with life membership of BIEN : Euro 160 (150 before July 1st)
- COMBINED fee with membership of BIEN for 2001-02: Euro 90 (80 before July 1st)
- REDUCED fee for life members of BIEN: Euro 60 (50 before July 1st)
- REDUCED fee for Central & East Europeans: Euro 50 (40 before July 1st)

A registration form and further information (including about cheap accommodation) are available from BIEN's web site: <http://www.etes.ucl.ac.be/BIEN/bien.html> or from the conference organiser, Prof. Claus Offe at bien@rz.hu-Berlin.de.

WORKSHOP CONTRIBUTIONS

Out of the many paper proposals, 48 have been selected by the Berlin organization committee and allocated to the four workshops (each of which will have four meetings of 1h45).

"Legitimizing Non-Market Work" (chair: Ilona Ostner, co-chair of BIEN)

- Prof. Richard Hauser, University of Frankfurt/ Main, Frankfurt/ Main, Germany
"A conditional basic income - institutional arrangements and cost estimates for Germany"
- Leonardo Fernando Basso Cruz, Ph.D., Mackenzie University, Sao Paulo, Brazil
"The Minimum Income Models of James Meade applied to Brazil"
- Dr. Wolf-Dieter Just, Evangelische Akademie, Mülheim/ Ruhr, Germany
"Auf dem Weg zu einer Neubestimmung von Arbeit, Einkommen und Leben - Thesen zur Arbeit der Zukunft"
- Susanna Giullari, University of Bristol, Bristol, UK
"Enabling The Creative Tension: Lone Mothers, Kin Support And Basic Income"
- Dr. Michael Opielka, Institute for Social Ecology, Bonn, Germany
"Parental Income and Basic Income. Why Familyship matters Citizenship"
- Prof. Barbara Seel, University of Hohenheim, Stuttgart, Germany
"Legitimizing unpaid household work by monetarization - achievements and problems"
- Tony Walter, University of Reading, Bath, UK
"How to thrive while on sabbatical: a review of evidence"
- Gijs van Donselaar, University of Amsterdam, Amsterdam, Netherlands
"Tom Sawyers Fence. On the Border between Leisure and Income"
- Dr. Adrian Little, University of London, London, UK
"Civil Societies and Economic Citizenship. The Contribution of Basic Income Theory to New Interpretations of the Public Sphere"
- Prof. Harry F. Dahms, Florida State University, Tallahassee, USA
"Moishe Postone's Critique of Traditional Marxism as an Argument for the Guaranteed Minimum Income"
- Ingrid Robeyns, Cambridge University, Cambridge, UK

"Dividing Work Justly"

- Daniel Rubenson/ Jurgen de Wispelaere, London School of Economics, London, UK
"Participation Through Basic Income: A Social Capital Approach"

"Life time flexibility and income security" (chair: Guy Standing, co-chair of BIEN)

- Francois Blais/ Jean-Yves Duclos, Laval University, Québec, Canada
"Basic Income in a Federation: the Case of Canada"
- Nanna Kildal, Center for Social Science Research, Bergen, Norway
"Workfare policies and the Scandinavian welfare model"
- Sokratis Koniordos, University of Crete, Aghia Paraskevi Attikis, Greece
"Flexibility, Insecurity, Professionalisation and Basic Income: A case study from the modernising semi-periphery"
- Prof. Joseph Huber, University of Halle, Germany
"Funding Basic Income by Seigniorage"
- Laurence Jacquet, University of Louvain, Louvain-la-Neuve, Belgium
"Does optimal income tax theory justify a basic income?"
- Rafael Pinilla, Ministry of Public Affairs, Puzol (Valencia), Spain
"The Persistence of Poverty in Free Market Economic Systems and the Basic Income Proposal. An Economic Analysis"
- Maria Ozanira da Silva e Silva, University of Maranhao, Sao Luis, Brazil
"The Minimum Income: a monetary transfer to poor families with children in school age in Brazil"
- José Antonio Noguera, University of Barcelona, Bellaterra (Barcelona), Spain
"Basic Income and the Spanish Welfare State"
- Jean-Christophe Merle, University of Tuebingen, Tuebingen, Germany
"Would a universal basic income really limit real freedom?"
- Ute Klammer, Hans-Boeckler-Stiftung, Duesseldorf, Germany
"Working women in the age of flexibility - new diversities, new needs for social protection"
- Sally Learner, University of Waterloo, Canada
"The Positives of "Flexibility": spreading work, promoting choice"
- Andrea Fumagalli, University of Pavia, Pavia, Italy
"Eleven Propositions on Basic Income - (Basic income in a flexible accumulation system)"

"Citizenship rights, responsibility, and paternalism" (chair: Philippe Van Parijs, secretary of BIEN)

- Michael Kraetke, University of Amsterdam, Amsterdam, Netherlands
"Taxation and civil rights. The Right to subsistence in the European Tradition"
- Loek Groot/ Robert van der Veen, University of Amsterdam, Amsterdam, Netherlands
"Basic Income on the Agenda: Policy Objectives and Political Support"
- Manuel Franzmann/ Sascha Liebermann, University of Leipzig, Leipzig, Germany
"Saving citizenship from the workhouse. The demand for an unconditional Basic Income as the logical consequence of the notion of citizenship"
- Jurgen de Wispelaere, London School of Economics, London, UK
"Bargaining for Basic Income? Justice and Politics in Welfare Policy"
- Karl Widerquist, Jerome Levy Economics Institute of Bard College, New York, USA
"Citizenship or Obligation"
- Angelika Krebs, University of Frankfurt, Frankfurt/ Main, Germany
"The Humanitarian Justification of Basic Income"
- Almaz Zelleke, New School University, New York, USA
"Basic Income in the United States: Redefining Citizenship in the Liberal State"
- Yannick Vanderborght, University of Louvain, Louvain-la-Neuve, Belgium
"The 'VIVANT' experiment in Belgium" (with the participation of Roland Duchatelet)

- Gerd Mutz/ Cedric Janowicz, Munich Institute for Social Science, Munich, Germany
"Corporate Social Responsibility and different welfare-regimes"
- Cunliffe, John, UCE, Birmingham, UK/ Guido Erreygers, University of Antwerp, Antwerpen, Belgium
"Basic Income? Basic Capital! - Origins and Issues of a Debate"
- Johan De Deken, Humboldt-University, Berlin, Germany
"Funded Pensions, Responsibility of Ownership, and Economic Citizenship"
- Simon Wigley, Bilkent-University, Ankara, Turkey
"The Right to Equal Choice and the Problem of Cumulative (Mis)fortune"

"Basic income and social cohesion in an integrating Europe"
(chair: Alexander de Roo MEP, treasurer of BIEN)

- Yoland Bresson, University of Paris XII, Paris, France
"Basic Income as foundation of the new economy and harmonisation of social european politics"
- Philippe C. Schmitter, European University Institute, San Domenico di Fiesole, Italy
"Extending Social Citizenship at the European Level: Proposal for a Euro-Stipend"
- Luis Moreno, Spanish National Research Council, Madrid, Spain
"Europeanization and decentralization of 'safety net' schemes"
- Roswitha Pioch, Max-Planck-Institute for the Study of Sciences, Koeln, Germany
"EU integration and basic income - Rethinking social justice in competitive welfare states"
- Graham Taylor/ Andrew Mathers, University of the West of England, Bristol, UK
"Popular networks and public support for a basic income in Europe"
- Erik Christensen, Aalborg University, Aalborg, Denmark
"The Rhetoric of Rights and responsibilities in workfare and citizen's income"
- Johannes Redl/ Matthias Till, Interdisciplinary Centre for Comparative Research in the Social Sciences, Vienna, Austria
"Poverty and Minimum Income in EU-14: first results of the ECHP"
- Katrin Toens, University of Muenster, Muenster, Germany
"Paternalism and the right to take risks"
- Jan Kutylowski, Buskerud College, Honefoss, Norway
"Relative Income Deprivation and its Determinants and consequences in Poland"
- Per Janson, Lund University, Lund, Sweden
"Basic Income and the Swedish welfare state"
- Sean Healy/ Brigid Reynolds, Cori Justice Commission, Dublin, Ireland
"Progressing Basic Income on a Range of Fronts"

3. PROCEEDINGS OF BIEN's 7th CONGRESS (AMSTERDAM 1998)

For the first time since BIEN's foundation, the proceedings of one of its congresses are being turned, in a highly selective and carefully edited form, into a book published by an academic press. *Basic Income on the Agenda: Policy Objectives and Political Chances*, edited by Dr Loek Groot (Amsterdam) and Prof Robert Jan van der Veen (Warwick), is now at the printer's and will be published in September by Amsterdam University Press. For further information, contact Dr Loek Grootgroot@pscw.uva.nl

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Chantal Euzéby, *What Reforms are Needed for the Minimum Insertion Income (RMI) in France?*
Yannick Vanderborght, *The VIVANT Experiment in Belgium*

4. OTHER EVENTS

EDINBURGH (UK), 10 May 2000, "Stumbling towards Basic Income"

The Scottish Parliament Cross-Party Group on Citizenship Income, Economy and Society met in the Scottish Parliament for a workshop opened by Cathy Jamieson, MSP, and introduced by Stuart Duffin, director of the Citizen's Income Study Centre, on the basis of the recently published report by Bill Jordan, Phil Agulnik, Duncan Burbidge and Stuart Duffin, *Stumbling Towards a Basic Income - Directions for Tax and Benefit Reform* (see below). For further information, contact Stuart Duffin at S.Duffin@lse.ac.uk

BRUSSELS (BE), 19 June 2000, "From Employment to Participation. Towards a Broadening of the Active Social State?"

A conference (in Dutch and French) organised by the King Baudouin Foundation, with the collaboration of the Centrum voor sociaal beleid (Antwerp) and the Chaire Hoover d'éthique économique et sociale (Louvain-la-Neuve) in order to explore and discuss two ways of broadening the project of an "active social state": a reshaping of unemployment insurance into "participation insurance" (as suggested in an earlier report for the King Baudouin Foundation) and Anthony Atkinson's "participation income" (a basic income subjected to a broad condition of social contribution). Speakers will include Luc Soete (University of maastricht), Bea Cantillon (University of Antwerp), Philippe Van Parijs (University of Louvain), Laurette Onkelinx (Belgium's Minister for Employment) and Frank Vandembroucke (Belgium's Minister for Social Affairs). A background paper ("Assurance participation et revenu de participation. Deux manières d'infléchir l'Etat social actif dans le sens des conclusions du rapport de la Commission "Travail et non-travail" de la Fondation Roi Baudouin") has been prepared by Marie-Pierre Boucher, Isabelle De Greef, Laurence Jacquet, Yannick Vanderborght and Philippe Van Parijs. For further information, contact Anne Vigneron, Fondation Roi Baudouin, 02-5490280, at vigneron.a@kbs-frb.be, or www.kbs-frb.be.

FRANKFURT (DE), 23-25 June 2000, "Balancing private interest and community orientation: Cultural patterns in the United States and Germany"

The opening session (Friday 23) of this German-American conference will contrast two distinct perspectives on basic income, with lectures by Prof. Ulrich Oevermann (sociologist, University of Frankfurt) on "The crisis of the work society. Would an unconditional basic income be a thinkable answer?" and by Prof. em. Joachim Mitschke (economist, University of Frankfurt): "Flexible labour market with stable social security: the concept of a citizen's income" For further information, contact Andreas Franzmann, Johann Wolfgang Goethe Universitaet Frankfurt, at tagung@uni-frankfurt.de, <http://www.rz.uni-frankfurt.de/tagung>

LONDON (UK), 7-10 July 2000, 12th Annual Conference of the Society for the Advancement of Socio-Economics: "Citizenship and Exclusion"

For further details, contact the local organiser: Prof. David Marsden, LES, Houghton Street, London WC2A 2AER at d.marsden@lse.ac.uk.

BOGOTA (Colombia), 17-21 July 2000, "La justicia como libertad real para todos y la propuesta de un ingreso basico incondicional"

A week of interdisciplinary seminars and public events on social justice and basic income. For further details, contact Prof. Andrés Hernández, CIDER, Universidad de Los Andes, Santafé de Bogotá, Colombia, at ahernand@uniandes.edu.co.

CAMBRIDGE (UK), 21-22 September 2000, "Social exclusion"

Annual meeting of the Cambridge Social Stratification Research Seminar. For paper proposals and registration, contact Dr Robert M. Blackburn at rmb1@cus.cam.ac.uk

5. PUBLICATIONS

ENGLISH

GOODIN, Robert. "Crumbling Pillars: Social Security Futures", *Political Quarterly* 71 (2), April-June 2000, pp. 144-150. goodinb@coombs.anu.edu.au

In our increasingly flexible economy, people's circumstances have become so variable that they cannot be captured in administratively manageable categories and conditions. The "dystopian" response consists in giving case managers, public and private, a formidable discretionary power over people in need. The "utopian" response consists in eliminating all links between social assistance and any conditions whatsoever. It takes at least five forms: negative income tax (Friedman 1962), earned income tax credit (Bane & Ellwood 1994), unconditional basic income (Van Parijs 1995), participation income (Atkinson 1996), and unconditional basic endowment (Ackerman & Alstott 1999). According to Goodin, the Canberra-based author of several influential books on the self-reliance state, any of those unconditional benefit schemes would be better suited to the increasingly non-standardised world towards which we are moving. Let us simply give up, not only on means-testing, but on conditionality of any other form. Let us simply give everyone a fair share of social resources, and allow them to arrange their own affairs as they will." However, "there are many reasons for thinking the 'participation income' variation on the basic income strategy to be the most attractive among these options". For "participation income does not (as the earned-income tax credit does) arbitrarily differentiate paid from unpaid productive social labour". At the same time, it "is politically saleable, in a way that absolutely unconditional basic income might not be: it is not a case of 'something for nothing', but rather a case of social payment for socially useful effort" (p. 149).

HOWARD, Michael W. *Self-Management and the Crisis of Socialism: The Rose in the Fist of the Present*, Totowa (NJ): Rowman & Littlefield ("Studies in Social, Political, and Legal Philosophy"), 2000, 304p., paperback 0-8476-8905-0, \$22.95. (Address: Department of Philosophy, University of Maine, Orono. Michael.Howard@umit.maine.edu).

This is a lucid, economically aware yet radical philosophical defence of a renovated form of socialism, which would harmoniously combine workers' self-management at the firm level, collective control over investment through the national democratic process, and a basic income for all citizens. A significant portion of the book (chapter 3 on "Justifying Basic Income" and chapter 9 on "Basic Income and Economic Democracy") are devoted to the pros and cons of an unconditional basic income and how it would both strengthen and be strengthened by market socialism. Providing it is combined with a basic income, "the idea of self-managed market socialism is philosophically defensible, institutionally feasible, and relevant to the struggles of workers - and quite a few non-wage workers - in contemporary capitalist societies. "

JORDAN, Bill, AGULNIK, Phil, BURBIDGE, Duncan and DUFFIN, Stuart, *Stumbling Towards a Basic Income - Directions for Tax and Benefit Reform*, report sponsored by the Joseph Rowntree Charitable Trust and available from the Citizens' Income Study Centre, St Phillip Building, LSE, tel. +44 20 7955 7453 or +44 131 550 3796, citizens-income@lse.ac.uk

The Working Families Tax Credit (WFTC) - the Labour Government's earnings subsidy scheme inspired by Clinton's expanded Earned Income Tax Credit in the US - has only just been introduced, and its abolition has already been planned. From 2003 the scheme will be divided in two. Support for children will in future come through an 'Integrated Child Credit', paid by the tax authorities directly to mothers, while in-work support will come from a new employment tax credit (ETC) administered by employers. According to the authors of this report, the ETC will have the advantage of not being restricted to families (as WFTC is), but it will share its other defects: it will create perverse incentives to work particular hours, be difficult and costly to administer, and be open to fraud. Rather than the current patchwork of in- and out-of-work support, the report argues that economic and political considerations will ultimately point to a universal citizen's income, which could gradually be introduced in a number of stages. The first of these stages would be to implement what the authors term a 'labour market participation income'. This would aim to help low earners and encourage people to move into work - exactly the same objectives as the government has for the ETC. But it would be integrated with the benefit system in such a way that benefits would be reduced only at a 50% rate (instead of 100%) as they start earning. Low earners would then be better able to take advantage of the often part-time and temporary opportunities which today's flexible labour market throws up. But this first stage would not do anything to redress the current imbalance between the recognition given to formal labour market activity and unpaid caring for others or volunteering in the community. As full employment becomes a reality, pressure will grow to move on to a second stage of reform - the move to a social and economic participation income. At this stage, the report anticipates, the value of benefits (linked to price inflation) and tax allowances (substantively linked to then higher level of wage inflation) will have converged, allowing the whole tax and benefit system to be integrated. Benefit would be paid to everyone deemed to be 'participating' in society, through the tax allowance for those in full-time, permanent jobs and through benefits for part-time and temporary workers, carers and volunteers. The final step would come with the recognition that social cohesion and a 'full engagement society' would be better achieved by an Unconditional Basic Income or Citizen's Income. "Stumbling" may get to a destination which route-planning has failed to reach.

LEGUM, Margaret. "Tax polluters to raise money for a general income grant", in *Business Day* (South Africa), 14 march 2000. Legum@mweb.co.za

South Africa's Welfare Minister Zola Skweyiya is thinking of introducing a means-tested guaranteed income. In a vigorous opinion article, Margaret Legum, a member of the board of South Africa's New Economics Network (SANE), argues that he could do far better: "Make the benefit universal. Provide a small citizens' income for everyone from cradle to grave without a means test. Do away with the bureaucracy that assesses whether a person is eligible. Everyone is. Send the money directly to bank accounts or local outlet offices that dispense pensions. Cut out the opportunity for petty officialdom and corruption." Apart from ending destitution, such a reform would "change for the better the power dynamic within families. Women would be entitled in their own right to a payment, and young people over 18 would get theirs. Children's payment, set lower than that for adults, should be paid to the mother rather than the father, as are child allowances in Europe". Even at a low level, Legum recognises, the cost would be considerable. But there are new forms of taxation that could and should be used: on pollution and speculative capital movements for example. But what about the risk of encouraging idleness? "Of course some people who could work might choose not to - for good reason, like parenting; or for bad, like sloping around smoking dagga. The first is clearly fine. As for the second, I wonder frankly whether the economy is all that much worse off without them. More scarce jobs for the rest of us." But is it not wrong to give people something for nothing? "This assumes that none of us now gets something for nothing. In fact, people are born with a huge variety of advantages and disadvantages. A citizens' income will make a tiny dent in the present inequalities in the 'something for nothing' stakes."

ROWBOTHAM, Michael. *The Grip of Death: A study of modern debt slavery and destructive economics*, Charlbury (Oxfordshire, UK): Jon Carpenter, 1998, 337p., ISBN 1 897766 40 8. mike@mrowbotham.swinternet.co.uk

A non-conventional analysis and critique of existing monetary institutions on the ground that a system of money creation based on the issuing of loans by private banks fuels destructive growth. The positive implications include a rehabilitation of Major Douglas's and his Social Credit Movement's central message and a justification of a basic income at least partly funded by money creation, along the same lines as Professor Joseph Huber's more austere recent book (*Vollgeld*, Berlin: Duncker & Humblot, 1998).

FRENCH

CLERC, Denis. *Condamnés au chômage? Travail et emploi: Faux débats et vraies questions*. Paris: La Découverte & Syros, 248p., 110 FF, ISBN 2 84146 749 X.

The last chapter of this new book by the energetic editor of the very widely read magazine *Alternatives économiques* contains a substantial discussion of basic income. Though somewhat shaken, it seems, by André Gorz's recent conversion to an unconditional basic income, Denis Clerc reaffirms his opposition: given the cost of giving it to everyone, rich and poor, it is only viable if it goes hand in hand with increased economic liberalism (through greater flexibility) and it implies a worsening of the purchasing power of the worst off (either working or not). Nonetheless, Clerc sees considerable merit in Roger Godino's recent proposal of an "allocation compensatrice de revenu" (a guaranteed minimum income at the level of the existing RMI, but gradually phased out as earnings rise to the guaranteed minimum full-time wage level, i.e. a negative income tax), because it systematically encourages part-time work and "experience shows that the return to work usually takes the form of taking up a part-time job" (p. 240). At the same time it is important to avoid the compulsion to work involved in workfare: "The right to turn down the offer of a job or training judged uninteresting is not only an essential individual freedom: it is also a way of avoiding that, on the labour market, "bad" jobs should displace "good" ones." (p. 241). Not that far away from basic income after all?

GODINOT, Xavier (ed.), *Droit au travail et revenu d'existence*, special issue of *Revue Quart Monde* 172, December 1999, 64p., 45 FF. Xavier.Godinot@skynet.be

The international movement ATD-Quart Monde, founded by Father Joseph Wrezinski, devotes its energy to the fight against poverty and exclusion, while paying special attention to what the poor and excluded themselves (the "Fourth World") have to say on the subject. Its Brussels-based study centre, directed by French economist Xavier Godinot, decided to organise a series of workshops to the proposal of a basic income, culminating in a conference held in Brussels in December 1999, with the active participation of some academics and representatives from the workers' and employers' organisations, but also some of the "excluded" who had been involved in the preparatory workshops. This special issue of the movement's journal consists in the selected and edited proceedings of this conference. It reveals some of the difficulties of getting the idea of basic income understood and discussed outside academic circles. In his introduction, Godinot goes through some of the pros and cons and seems to side with André Gorz in favour of basic income at a "sufficient" level. However, apart from Philippe Van Parijs's brief contribution (*L'allocation universelle: un plaidoyer pragmatique*, pp. 13-17), the other articles are sceptical, if not frankly hostile. Thus, after presenting a simulation of the impact of a basic income proposal attributed to Anthony Atkinson on the income of 33 French Fourth World families, one of the articles concludes: "It is surprising that an economist of Atkinson's reputation could imagine measures for fighting poverty which would have the effect of impoverishing the poorest." A Fourth World activist comments: "I am shocked when hearing that academics are thinking of giving us a basic income, when we have in no way been associated to the thinking." The most hostile contribution is by a Trade Unionist from the Christian Confederation (Paul Palsterman, "L'allocation universelle, une fausse bonne idée", pp. 28-31). A basic income at a sufficient level (an average of 600 Euros per month, possibly modulated by age), he reckons, is unaffordable, as it would absorb, in a country like Belgium, nearly 40% of GDP and 80% of taxable income. A basic income a lower level would mean no gain but a loss in terms of individual freedom, as residual social benefits of all sorts would need to be maintained while tax controls would need to be tightened. The conclusion is clear: "Far from being just, it is on the contrary the negation of justice. As to social efficiency, one can easily prove that the proposal has none." Both to reduce honest misunderstandings and to make bad faith more difficult to get away with, much didactic work still needs to be done ...

LAZZERI, Christian, CAILLE, Alain & MEDA, Dominique, "Débat sur l'allocation universelle", in *Cités. Philosophie, politique, histoire* (Paris: P.U.F.) n°2, mars 2000, p. 119-138.

A dialogue on basic income between Professor Christian Lazzeri (Université de Franche-Comté) and two prominent participants in France's recent debate, Christianologist Alain Caillé (editor of the *Bulletin du Mauss*) and philosopher Dominique Méda (author of *Le travail: une valeur en voie de disparition*). Caillé restates his case for a weakly unconditional minimum income scheme (a variety of negative income tax), while Méda restates her opposition to a decoupling of income and work on the ground that, as a matter of fact, "the norm" today is still to get access to an income through work.

6. THE SUPPLY-FRIEDMAN EXCHANGE

The Chicago economist, Nobel laureate and founding father of monetarism Milton FRIEDMAN is commonly credited for having been the first to propose the "negative income tax", sometimes presented as the "right-wing" version of an unconditional basic income. The expression "negative

tax" is actually much older: it was coined by the French economist Augustin Cournot (*Recherches sur les principes mathématiques de la théorie des richesses*, 1838) and clearly used in its current sense by the British economist Abba Lerner (*Economics of Control*, Macmillan, 1944) in a book which Friedman reviewed (*Journal of Political Economy* 1947). Yet, it is undoubtedly Friedman who most contributed to popularising the idea of a negative income tax worldwide.

A US-trained economist and prominent member of Brazil's main left-wing Party (PT), Eduardo Matarazzo SUPLICY has recently been re-elected senator for the state of São Paulo with over three million votes. In 1991, he presented a bill which, if passed, would establish a guaranteed income for all Brazilian in the form of a negative income tax. The bill was approved nearly unanimously by the Senate, but was never approved by the House of representatives. However, many modest guaranteed income schemes have since been experimented at a more local level throughout Brazil. Senator Suplicy has been campaigning in support of federal backing for an extension and radicalisation of these experiments into a nationwide negative income tax, which he views as a realistic next step towards a genuine basic income for all Brazilians. As part of this effort, he is now preparing a new book ("Towards a Citizen's Income") and to get some matters straight, he wrote to Milton Friedman, a rather unlikely bedfellow for a prominent left-wing politician, with a number of precise questions (29 March 2000). Friedman answered promptly and conscientiously (11 April 2000). Here is the full text of Suplicy's questions and of Friedman's answers.

1. SUPLICY: "You and Mrs. Rose Friedman were very good friends of George Stigler, as you mention in *Two people of Luck. Memoirs*. To what extent did you interact with George Stigler about the publication of his article "The Economics of Minimum Wage Legislation", *American Economic Review* (June 1946); 358-65. In your memoirs you mention your interactions on price and rent ceilings, but not on the proposal of a negative income tax formulated in that article as well as in your 1962 *Capitalism and Freedom*."

FRIEDMAN: "I have no recollections about whether we talked with George Stigler about the item he has in his "Economics of Minimum Wage Legislation". Since we were very close to one another, I suspect we did talk about it but I do not recall doing so. It is clear from his statement as well as from my own later on that the idea was very much in the air and was not a completely novel one."

2. SUPLICY: "When proposing the negative income tax as a rational and efficient instrument to eradicate poverty, to what extent, did you take into account the critical views expressed by the Classical Economists, Adam Smith, David Ricardo and Thomas Malthus, and from another perspective, by Karl Marx about the several forms taken by the "Poor Laws" since the XVIIth Century, including the Speenhamland Act?"

FRIEDMAN: "Clearly at the time I wrote *Capitalism and Freedom* I had read the classical economists whom you refer to and knew about the forms taken by the Poor Laws. However, I do not recall that my views were particularly influenced in any specific way by their views. It was part of the background on which I was operating, but not specifically related to this issue."

3. SUPLICY: "To what extent, on that occasion, did you take into account Augustin Cournot's proposal of a negative income tax (in his 1838 *Recherches sur les Principes Mathématiques de la Théorie des Richesses*, Paris: Librairie Hachette new edition Paris: Marcel Riviere, 1938)."

FRIEDMAN: "I have no recollection of taking into account Cournot."

4. SUPLICY: "To what extent, when proposing to institute a guaranteed income through a negative income tax, have you taken into account that this proposal could have a very wide support in the political spectrum?"

FRIEDMAN: "In my book *Capitalism and Freedom* and the series of lectures that gave rise to it, I was trying to present what ought to be without paying too much attention to what was politically feasible or not feasible. In that sense, I paid very little attention to the support that the proposition could have. However, in many later pieces I wrote on the negative income tax (I am enclosing a list of references), I undoubtedly was well aware that it was capable of getting very wide support. Indeed, the person that Kennedy appointed to head his task force on income distribution came out in support of a negative income tax and, as you probably know from reading our memoirs, President Nixon tried to move in that direction but without much success."

5. SUPLICY: "In the Spring of 1968, James Tobin, Paul Samuelson, John Kenneth Galbraith, Robert Lampman, Harold Watts and 1200 economists signed a document calling for the National Congress "to adopt this year a system of income guarantees and supplements". Despite having been invited, why did you prefer not to participate in it?"

FRIEDMAN: "At this date, more than three decades later, I do not have any specific recollection of what my reason was for refusing to sign the particular document. However, in general, I have always been reluctant to sign round-robin documents. I have preferred to speak for myself on my own and sign my own name. It may well also be that I found I had some difference of opinion with the particular words in the document in question."

6. SUPLICY: "Although the Earned Income Tax Credit, instituted in March 1975, is a form of a partial negative income tax, I could not find your analysis of this instrument in your Memoirs. Therefore I would appreciate if you could say whether: a) you consider that the EITC has been an efficient tool for the purpose of eradicating poverty in the US."

FRIEDMAN: "The EITC has contributed to eradicating poverty in the U.S. I do not believe it has been an extremely efficient tool because of the particular way in which it is integrated into the income tax. It has lent itself to abuse."

7. SUPLICY: "Can we assert that the EITC, as significantly expanded since 1993, has contributed to the US economy achieving the lowest unemployment rates in the past 30 years (about 4.2%)?"

FRIEDMAN: "I do not believe the EITC has been a major factor contributing to lower unemployment rates. It may have made a minor contribution, but the major factor contributing to such low unemployment rates has been the unprecedentedly high and stable growth of the economy for the past decade."

8. SUPLICY: "Would the full negative income tax design, such as proposed in *Capitalism and Freedom*, or illustrated by President Nixon's "Family Assistance Plan", be more efficient for the purpose of eradicating poverty?"

FRIEDMAN: "I have no doubt that the full negative income tax design that I proposed in *Capitalism and Freedom* would have been more efficient for the purpose of eradicating poverty. As to the "Family Assistance Plan," that took so many versions that it is hard to identify that with a valid proposal. I at first favoured it but then I ultimately testified against it as you will see from the items listed in the enclosed references."

9. SUPLICY: "Are you acquainted with the movement in favor of a basic income, such as represented by BIEN, the Basic Income European Network, an organization that was founded in 1986 to further the proposition that everyone, no matter his or her origin, race, sex, age, civil or socio-economic condition, should be entitled to an unconditional and modest income, sufficient to cover his or her vital needs, as right of citizenship? Do you know the contributions of some of the founders of BIEN, with which Herbert A. Simon and James Tobin have recently engaged, such as Philippe Van Parijs (Secretary General), Guy Standing (President), or the books about James Edward Meade's Agathotopia?"

FRIEDMAN: "I am not acquainted at all with the movement you refer to in this question."

10. SUPLICY: "How do you evaluate the proposition of a basic or citizen's income compared to the alternative of a negative income tax?"

FRIEDMAN: "A basic or citizen's income is not an alternative to a negative income tax. It is simply another way to introduce a negative income tax if it is accompanied with a positive income tax with no exemption. A basic income of a thousand units with a 20 percent rate on earned income is equivalent to a negative income tax with an exemption of five thousand units and a 20 percent rate below and above five thousand units."

11. SUPLICY: "The Alaska Permanent Fund is now completing 20 years of distributing a dividend to all citizens that have been living in Alaska for more than a year. According to several studies it has contributed the Alaskan economy's steady rate of growth, with everyone having a basic right to participate in the wealth of the State. It is the practical demonstration that a basic income can work. In 1999, the 600,000 inhabitants received US\$ 1.679,84 each. I visited

Alaska in 1995 and observed that the population was very enthusiastic about the system. I could not see people not working because of that dividend. I saw there the application of a very similar proposal made by Thomas Paine in his 1795 *Agrarian Justice*. I noticed in the autobiography of Jay Hammond [the governor who created the scheme in the early 1980s] that you once suggested him to divide among the population the total oil revenue obtained at the beginning of the Alaska Permanent Fund. He preferred, however, to think not only of that generation, but also of future generations. How do you evaluate the experience of the Alaska Permanent Fund dividend? Would you recommend it to other nations, each one building a fund based on the nation's wealth so as to have a citizen's income to all?"

FRIEDMAN: "I believe the Alaska Permanent Fund works very well, but I think it is difficult to generalize it to other states. The Alaska situation is a very special one. The problem arose because it was clear that Alaska was going to have a very high income that would be temporary and not permanent. The decline in that income is now coming about, and the problems about what to do about the Permanent Income Fund are becoming pressing. At the time, the issue was whether to divide the extra income among the people year by year or instead do what they actually did, which was to use a considerable part of it to support government spending and then accumulate the rest in a fund which would yield a dividend that could be paid to each individual. It is still not clear to me at this date which would have in principle been better. I have no doubt that because of the way in which it was done Alaska has a larger government than it otherwise would."

12. SUPLICY: "Did you know that in April 1991 a Brazilian Senator presented a legislative initiative to institute a Guaranteed Minimum Income through a Negative Income Tax paid to all residents aged 25 years or more with an income below the equivalent of about US\$ 150 per month? Did you know that this proposal was approved by the Brazilian Senate on December 16, 1991, with the support of all parties, despite the initiative being from an opposition senator from the Worker's Party? And that, since 1992, this initiative is waiting for a vote in the Chamber of Deputies, having received a favourable report in the Finance Committee?"

FRIEDMAN: "I knew nothing whatsoever about the facts you cited."

13. SUPLICY: "Are you familiar with the evolution of that proposition during the 90's in Brazil? There were many local initiatives offering a complement of income to poor families so that their children could go to school instead of working at a very early age. On the basis of the positive results of those experiences - Minimum Income Programs Related to Education or Scholarship Programs (Bolsa-Escola) -, a new law was approved in 1997 authorizing the Federal Government to finance 50% of the costs of the municipalities that institute programs with that objective, although with very modest sums. Would you have elements for evaluating this procedure vis a vis the alternatives of a basic income or a negative income tax?"

FRIEDMAN: "I am not familiar with the evolution of this proposition during the nineties in Brazil. With respect to the local initiative you refer to, a similar program has been instituted in Mexico for a particular section of the country in which the government is paying families a supplement if their children go to school instead of to work. A basic income or a negative income tax is a much more comprehensive measure for assuring a basic level of living. However, the provision of funds to subsidize the schooling of children has many more precedents in the actual behaviour of various countries. I suspect that Brazil's government already finances schooling and this could be seen as part of that. As you know from my book *Capitalism and Freedom*, I am not only in favour of a negative income tax; I am also in favour that if government chooses to finance schooling, it should do so through a voucher to parents rather than by administering the schools. I have done no writing or work on the negative income tax in recent years so I am not familiar with the latest developments in respect of it. I hope these comments are of some help to you."

Follows a comprehensive list of Milton Friedman's publications on the Negative Income Tax:

- *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962; reissued 1982), pp. 191-94.
- "Transfer Payments and the Social Security System." *The Conference Board Record*, September 1965, pp. 7-10.
- "Mr. Friedman's Negative Tax." *Wall Street Journal*, February 15, 1966.
- "A Tax-Based Subsidy for the Poor?" *OutLook*, April 1966, pp. 13-14.

- "The Case for the Negative Income Tax." *National Review*, March 7, 1967, pp. 239-41.
- "The Case for the Negative Income Tax," pp. 202-19 in *Republican Papers*, edited by Melvin R. Laird. Garden City, New York: Anchor Books, 1968.
- "Negative Income Tax-I." *Newsweek*, September 16, 1968.
- "Negative Income Tax-II." *Newsweek*, October 7, 1968.
- "Welfare: Back to the Drawing Board." *Newsweek*, May 18, 1970.
- "Welfare Reform Again." *Newsweek*, September 7, 1970.
- *Free to Choose* (New York and San Diego: Harcourt Brace Jovanovich, 1980, with Rose D. Friedman), pp. 97, 120-23, 124, 125-26.

7. NATIONAL NETWORKS

OFFICIALLY RECOGNIZED BY BIEN

Citizen's Income Study Centre

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BIEN Ireland

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Association pour l'instauration d'un revenu d'existence (AIRE)

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Folkrorelsen for medborgarlon

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OUTSIDE EUROPE

Universal Basic Income New Zealand (UBINZ)

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 Private Bag 11.042 Palmerston North, New Zealand
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Organisation advocating support income in Australia (OASIS)

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- Guy Standing (Geneva), co-chair
- Claus Offe (Berlin), conference organiser
- Alexander de Roo (Amsterdam), treasurer
- Steve Quilley (Dublin), recruitment officer
- Philippe Van Parijs (Louvain), secretary

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Membership of BIEN is open to anyone who shares its objectives. The individual membership fee is 25 Euros for 1999-2000 or 100 Euros for life membership. BIEN Members receive hard copies of the Newsletter, are kept informed of relevant meetings, seminars and research projects and have voting rights at BIEN's General Assembly held every second year in conjunction with the Congress. A broad membership strengthens BIEN in its efforts to put basic income on academic and political agendas. It also provides much appreciated support to the unpaid activity of the Executive Committee and gives BIEN a firm basis for the funding of its modest running costs. A full statement of accounts is submitted to the General Assembly. To become a BIEN member, please fill out the *Membership Subscription Form* or download the *Individual Membership Form* which are both on the BIEN web site (<http://www.etes.ucl.ac.be/BIEN/JoinBien.htm>). An acknowledgment will be sent upon receipt. For further questions, e-mail BIEN at bien@etes.ucl.ac.be.

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