

signed

**AN EXAMINATION OF THE IDEOLOGICAL PERSPECTIVES ON THE  
CITIZEN'S INCOME DEBATE**

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The following thesis has been composed by the candidate and is the candidate's own work.

signed

A P Fitzpatrick

Stanley Gross

Tony Salter

Charles Morris



If any would not work, neither should he eat.

*New Testament*

Work is that human activity which expresses creative achievement and corresponds, therefore, to part of desire, our will to objectivate ourselves individually and collectively by creating objects or social relations.

If work was liberated from its instrumental character, we might discover how to resolve the leisure problem. When time becomes unbounded, moral decay does not necessarily follow. But, having been formed in a society in which work as a defining activity is completely recorded as labor, most people are left defenseless by free time, thrown to the twins of buying and eating.

We must "work" to create, quite intentionally, new forms of social life in order to reinvent a politics in which individuals are truly empowered.

*Stanley Aronowitz*

What has divided...different ideologies has not been the goal (an Enlightenment vision of the free, prosperous citizen) but the means of reaching the goal. In basic income it seems possible they could agree on at least one of the means.

*Tony Walter*

It is always possible to distinguish between the just and the unjust, the legitimate and the illegitimate, but this can only be done from within a given tradition, with the help of standards that this tradition provides; in fact, there is no point of view external to all tradition from which one can offer a universal judgement.

In politics the public interest is always a matter of debate and a final agreement can never be reached; to imagine such a situation is to dream of a society without politics.

*Chantal Mouffe*

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## ABSTRACT

Though it is not at the centre of political attention, Citizen's Income (CI) receives the kind of widespread ideological support which most other proposals in the areas of labour market and social security reform do not. Given the breadth of such support, the objective of this research is to improve our understanding of why various ideologies get involved in the CI debate, and of how their differing contributions to that debate produce ideological variants of CI.

Chapter 1 introduces us both to the debate and to this thesis, while chapter 2 outlines the principal ideologies with which the thesis deals. Chapters 3 to 5 then address those subjects - citizenship, work, full employment - which are at the heart of disagreements over benefit reform, since it is here that ideological distinctions relevant to the welfare state begin to be made. This approach allows us to formulate those principles which our varying ideologies would have a CI serve. Chapter 6 then examines Negative Income Tax as that form of CI most likely to be supported by economic liberals. Chapter 7 analyses why social democrats are attracted to the principle of social insurance, and why this might lead them to support a combination of CI and insurance benefits, i.e. a Participation Income. Chapter 8 looks at the importance of a social dividend to any market socialist strategy, and chapters 9 and 10 examine, respectively, ecological and feminist justifications for CI.

In the concluding chapter, I argue that the widespread ideological support for CI is largely of a negative kind, i.e. a series of distinct but complementary reactions to the failures of non-integrated tax and benefit systems. Should CI enter the mainstream of policy-making debates then this consensus might well break down, since disagreements over the generosity and the (un)conditionality of any CI would inevitably become more important.

**GENERAL INTRODUCTION**

**1. The Subject of the Research**

Theorists are still struggling to digest the political changes of the last two decades. The 1970s saw the Centre-Left on the defensive and in retreat against an ever more confident New Right. The 1980s saw the New Right's economic and social philosophy influence governments, including those of the Left, across the world, and it was in Britain, more than any other European nation, that this influence was at its height. As such, it was in Britain that the Centre-Left came under greatest attack. Whether or not there was anything that could be termed a Thatcherite Revolution, the Conservative Party's intention was to sweep away up to a century's legislation on various industrial and social issues. Through all of the various debates and altercations it is upon the welfare state, more than upon any other comparable subject, that the most essential and bitter controversies between political ideologies have been focused.

Those controversies centre upon a single question: what is the nature and function of welfare in a modern economy? The New Right critique was unrelenting. The welfare state, they insisted, soaks up national wealth and saps private initiative and responsibility. At best, it has been a necessary evil whose time is passed and which should, therefore, be reduced to an absolute minimum. In response, the Centre-Left argued that the welfare state serves those ethical values which any society proclaiming itself to be a civilized one must embody. Furthermore, it promotes, rather than disables, economic efficiency by reducing the social costs produced by a market economy. Claim and counter-claim have shot to and fro for twenty years now. The passion and the frustration which have been generated is considerable and it is often difficult to agree on even the most basic data, e.g. the level of unemployment.

Perhaps the greatest amount of agreement has surrounded the social security system, even if such agreement has largely been of a negative kind. Very few people do not see the need for reform of some sort. For the Left, the system is still not equitable to a sufficient extent; for the Right, it is an obstacle to economic efficiency and enterprise. Yet both sides face considerable dilemmas when it comes to consideration of reform. The Left wishes benefits to be broadly universal but is frightened by how expensive such a system might turn out to be. The Right wishes benefits to be selective but is wary of harming those transfers, i.e. tax reliefs and allowances, which go to a lot of relatively prosperous voters. Out of the many assumptions with which Beveridge worked two seem to be of direct relevance to the contemporary dilemmas with which both Left and Right are struggling. Firstly, he assumed that full-time full employment could be maintained; benefits, therefore, only needed to be thought of as temporary replacements for wages in the achievement of a national minimum, as suggested by Rowntree. Secondly, he assumed that most women did not work most of the time and so could be treated as dependants of their husbands. Obviously, these assumptions no longer describe present realities. Furthermore, when the social security system was given its Beveridgean, post-war form most of the people receiving benefit did not pay tax and most who paid tax did not receive benefit also. This, too, is no longer the case. There are, then, two central questions which all of those interested in social security must ask. Firstly, how do we make the benefit and tax systems work with, rather than against, each other? Secondly, how do we make benefits more responsive to the vicissitudes of today's labour market, a market within which woman play a greater role than ever?

Generally speaking, there are three strategies that can be adopted, though these strategies overlap to a considerable extent and numerous combinations of them can be imagined - indeed, this thesis will concern itself with several such combinations. The first strategy corresponds to the policies of Tory governments since 1979, namely, cut back on benefit levels across the board, tighten up on the rules governing entitlements and phase in more means-tested benefits. Also, perhaps, introduce some kind of *de facto* workfare system quietly and gradually. The New Right, then, favour a 'selectivist' option. The second strategy, meanwhile, is what might



be termed 'strategic co-ordination'. This would basically involve making benefits more flexible, and therefore more compatible with fluctuating earnings, and making contributions easier to accumulate. In this thesis strategic co-ordination will be referred to as 'New Beveridge', a universalist and broadly social democratic approach, which was the preferred strategy of the Social Justice Commission and which is likely to influence the policies of any future Labour government. The third strategy is one of 'structural integration'. In its purest form this implies fusing the tax and social security systems completely and paying an unconditional weekly income to every man, woman and child on an individual basis regardless of work record, work status or marital status. This option is universalist, but is one which takes the principle of unconditionality to be just as important. The history of structural integration is long and sometimes dramatic. In Europe, at the moment, structural integration goes under the name of Basic Income. In Britain, it is now more often referred to as Citizen's Income (CI). CI is the main subject of this thesis.

So, this research project is focused upon the third of these strategies though, as I have indicated and as we will be seeing, several combinations of the three may exist. Firstly, structural integration may overlap with the New Right approach. This produces a form of CI known as Negative Income Tax (NIT). Secondly, structural integration may overlap with the New Beveridge strategy and so produce a form of CI known as Participation Income. NIT will be dealt with in chapter 6 and Participation Income in chapter 7. Alternatively, we may prefer that structural integration does not overlap with the other two strategies at all. This produces the 'purest' form of CI, one which is entirely unconditional. There is one version of this pure form which is revenue-neutral, what will be referred to as a partial CI, and one which is not, i.e. a full CI which would provide quite a substantial income. One way in which such a full CI might be funded is through a 'social dividend' and we will examine this in chapter 8.

Now there are three alleged benefits which the introduction of a purely unconditional income would provide:

- 1) it would enhance the autonomy of individuals by freeing them from the welfare state's bureaucratic machinery and by supplying many with an independent income for the first time ever;

2) it would reduce, though not on its own eliminate, poverty traps by an amount greater than any other reform proposal, thus generating employment and economic activity;

3) it would enhance social equality and solidarity both in terms of its redistributive efficacy and in its subversion of the distinction between taxpayer and recipient.

Yet there are, critics allege, three serious defects with CI:

1) paying an income to each and every citizen would either be prohibitively expensive or, if it were to be affordable, CI levels would be so low as to be useless;

2) reform of this magnitude lacks feasibility because it would either require an unrealistically large consensus between political parties or the determination of a single government beyond anything previously witnessed;

3) either CI would have a negative effect on work incentives or, at best, the effect is not now predictable, in which case CI is a high-risk strategy which it would be reckless to take.

This thesis is not going to deal systematically with the various pros and cons since there are introductions to CI which already do so (Jordan, 1987; Walter, 1989; Parker, 1989; Hill, 1990; Van Parijs, 1992a & 1995). What, then, is the point of this research?

There are two broad ways of approaching any major, untried, reform proposal: through questions of feasibility or through questions of desirability. By 'feasibility' reference is being made to costings, incentives-effects and so forth. It is such questions which inspire some CI proponents to observe the ability of a non-earnings-related income guarantee to allow wages to fall to market-clearing levels, thus creating employment, and critics to charge that with CI there would be a mass exodus from the labour market, thus undermining its sustainability. Feasibility is the principal concern of economists. By 'desirability' reference is made to such issues as whether any transfer system should be conditional or not, the relation between liberty and equality and the ethical basis of welfare provision. Desirability is the principal concern of moral, political and social philosophers.

Admittedly, even at this general level, such a distinction is rather forced. The desirability of a reform proposal which simply lacked feasibility would not be worth considering, while something completely undesirable would not be worth the attention of

economists. Nevertheless, the distinction remains and is reflected in the CI literature. Now, this thesis is going to be concerned primarily with questions of desirability. It will attempt to offer a distinctive approach to such questions by engaging with the debate's ideological dimensions, rather than with the standard philosophical angles, both moral and political, which are dealt with in the texts referred to above. To explain why this approach is justified we must now delve into the history of CI proposals and appreciate the state of the current debate.

## 2. The History of the Debate

What I want to suggest is that, over the last fifty years, the appeal of CI has waxed and waned depending upon the nature and efficacy of the prevailing orthodoxies of economic and social policy. Early versions of CI made an appearance in debates which challenged the hegemony of market capitalism, as we shall see in chapter 8. Yet the popularity of CI, or the lack of it, must be seen in terms of the post-war synthesis of Keynesian and Beveridgean policies. Let us look first at economic policy.

Immediately after the First World War the social credit proposals of C.H. Douglas (1974) attracted a great deal of attention and support. It was Douglas's contention, given his experiences as an engineer in the war, that technological innovation in the twentieth century would both depress the demand for labour and drive wages down. The cumulative effect of this would be to undermine aggregate demand and so threaten the circulation of income and goods upon which a capitalist economy depended. As a solution Douglas proposed a social credit scheme. This would have involved government paying a dividend of £5 per month - a third of average earnings at that time - to every household. Such a dividend, he believed, could be financed by increasing the money supply which would be acceptable given that, in the absence of buoyant consumer spending, the very economic fabric of capitalism was at risk.

Exactly why Douglas's ideas, which were quite popular at one time, never influenced government policy is difficult to say. Perhaps it is the case that paying an unconditional income would have threatened too many vested economic interests, especially those of the banks



with their monopoly on the lending of capital. But if Douglas's proposals offended classical economics, they were equally unacceptable to Keynesians. Keynes goes so far as to mention Douglas in *The General Theory of Employment, Interest and Money* (1954). Douglas receives some small applause for touching on demand management, unlike Marshall or Pigou (1954, 32), but Keynes accuses him of relying upon "...hypotheses inappropriate to the facts" (1954, 371), though why this is so is not spelt out. If Keynes chose to regard Douglas as a halfway house between classical economics and his own, then history would seem to be in agreement. Douglas sank into obscurity though social credit parties achieved some prominence, and electoral success, in Canada (Macpherson, 1962a). This early version of CI, therefore, was eclipsed by what had become the new economic orthodoxy by the Second World War. A similar defeat in the area of social policy was to follow.

The principle of social insurance will be dealt with more closely in chapter 7. For now it is enough to note that the guaranteed income scheme which most closely resembles the proposals of the present day's Citizen's Income Study Centre dates back to 1943. In that year Juliet Rhys Williams (1943, 141-8) advocated a New Social Contract as an alternative to the Beveridge Report. The Beveridge proposals, she claimed, would reward the idle and penalize the industrious, thus undermining the single greatest motive for labouring, i.e. the desire for gain. As the will to work drained away the state direction of labour would be required. If this concern of Rhys Williams with voluntary unemployment makes her seem somewhat draconian, she is more generous when castigating the report for not adequately safeguarding women and children against poverty. Her proposal was for a social contract rather than a dole. Through such a contract, complete with signatories, the state would acknowledge a duty of maintaining all individuals at all times, "...ensuring for them the necessities of a healthy life..." and, equally, adults would acknowledge a duty to contribute to the "...production of the wealth whereby alone the welfare of the community can be maintained..." (1943, 141-8). On signing the social contract, therefore, individuals would be subject to a work test; and yet, at the same time, each signatory would be entitled to a weekly payment which, according to Hermione Parker (1989, 122), would have left a married couple considerably better off than under Beveridge. Women would no

longer be treated as dependents and a child allowance would be paid as of right, not out of charity.

But, like Douglas's before them, these ideas did not filter through to the policy-making process. Probably because it emphasized social insurance, and so represented a greater continuity with the past, the Beveridge Report overwhelmingly won the day. So, CI had now been defeated on two fronts (not that the contest had ever really been an equal one anyway): by the new economic orthodoxy of Keynesianism and by the new social policy orthodoxy of Beveridgean social insurance. As post-war reconstruction married the two together on what was to be a thirty year reign, CI slipped onto the margins of mainstream debate.

This is not to imply that it sank simply into obscurity. Brandon Rhys Williams (1967; 1989) - a Conservative M.P., unlike his mother who had been a Liberal peer - picked up on and modified the idea of a guaranteed minimum income and James Meade (1948; 1972) has made considerable room for CI in his New Keynesianism. Furthermore, Milton Friedman (1962) became familiar with Rhys Williams's proposals during the war and, back in America, formulated NIT on the basis of them. Under the influence of Friedman's ideas NIT gained popularity in America and Richard Nixon almost succeeded in introducing a variant of it in his Family Assistance Plan of 1969 (Moynihan, 1973, 113-228). Similarly, Edward Heath's tax credit scheme of 1972 could easily have become a reality - see chapter 6. More recently, Basic Income was looked on favourably by a subcommittee of the Treasury and Civil Service Committee's 1983 inquiry into income tax and income support; also, Green parties have seized on CI as an environmentally-benign proposal - see chapter 9 - and the Liberal Democrats had CI in their 1992 general election manifesto. What is more, interest in CI has grown in many other countries (Parker, 1989, 100-1). So CI, far from lying dormant in the post-war era, has, in certain respects, flourished. Yet I would still like to suggest that despite this interest we should regard this period as one which was not favourable to CI since it was still expected to fit into the framework established by the Keynes-Beveridge policy agenda rather than being able to dominate economic and social policy all on its own - as it might have done had Douglas and Rhys Williams been able to wield more influence. While the Keynes-Beveridge agenda reigned, therefore, CI remained of

little importance. We should not be surprised to find that as the former has waned, debate surrounding the latter has re-ignited.

For in the 1980s this is precisely what happened. The New Right assault on both post-war economics and social policy opened up a space within which CI ideas could re-emerge. Since the 1970s, the British New Right has felt able to contemplate a reform to the social security system which would have means-tested benefits providing a guaranteed minimum: NIT. Meanwhile, those alarmed by the New Right success have had to re-group and re-think. Did this mean continuing to value old principles and proposals or trying something new? One way or another, the more intelligent responses to this question have admitted that insurance and assistance benefits cannot continue in their current form, and it is this realization which has allowed CI to come back onto the agenda. Half a century ago the Keynes-Beveridge approach prevailed over CI, but now that that approach is in doubt CI's relevance to contemporary problems has grown. For this reason the basic CI idea attracts support from across the political spectrum. This means that not only do CI advocates bring a diversity of moral and social perspectives to the debate but, in so doing, they also bring disagreements over the purpose of CI and the kind of society within which it might operate.

So the evolving debate since the early 1980s has partly been internal - between CI advocates - and partly external - between advocates and those who reject CI, for whatever reason. This research, as a consequence, will touch on both the internal and external aspects of the debate. Yet I have still not said why I am primarily addressing questions of desirability. To answer this we need to understand something of the state of the current debate. There are three areas on which I will now focus: the Fowler reforms; partial and full CIs; the Liberal Democrats abandonment of CI.

As already noted, the CI debate revived in the 1980s because of the assault on the Keynes-Beveridge agenda and because many believed that a simple return to that agenda would not be possible and perhaps not even desirable. But what inspired the debate from that point on? In certain respects it was the Fowler reforms which did so. In 1984 Norman Fowler, then Secretary of State for Social Services, announced a review of a social security system which, by then, satisfied virtually nobody. The Green Paper of June 1985 announced itself as the "...most fundamental examination of our

social security system since the Second World War" (DHSS, 1985a, 1). From the start, however, it was clear that this was hyperbole. The Green Paper proceeds by dividing up the various areas of social security and deals with each one separately: pensions; supplementary benefit; housing benefit; family support; maternity, death and widows' benefits. What this 'divide and rule' strategy demonstrates is that a fundamental examination was the one thing that was not going to occur since, by working according to the existing, fragmented and incoherent system, the Green Paper rendered itself incapable of questioning the very principles and assumptions with which Beveridge had worked. For instance, in reviewing the history of supplementary benefit it concludes by stating:

It is clear that no reform has found a satisfactory answer to the continuing problem of running a major scheme of social assistance. (DHSS, 1985b, 12)

But any suggestion that social assistance itself was a long-discredited form of provision is not considered. The White Paper of December 1985 confirmed that the government's rhetoric - "The need is not for trimming but for proper reform" (DHSS, 1985c, 1) - would not be matched by its recommendations. Indeed, even as a pragmatist's text it fails, e.g. it calls for sensible co-operation between the social security and tax systems, but nowhere deals with the latter. By calling for schemes like Family Credit and a Social Fund, the White Paper revealed that its reluctance to engage with deep-seated reform was due to the New Right agenda implicit with it. The reforms were passed by Parliament in 1986 and implemented fully by 1988.

Now how did CI advocates respond? The initial response was to denounce the lack of economic flesh on the report's bare bones. It disagreed with Fowler that it was the underlying principles, rather than detailed costings, which were of primary importance:

...the arithmetic is all-important, not just because of the distributional effects but also because all systems and all proposed new systems tend to throw up unintended consequences. (BIRG, 1985, 1)

This was followed up by a quantitative analysis of the Fowler reforms which claimed that they would make the poorest poorer and cut disposable incomes from lower paid work (BIRG, 1986, 12-17). So the



emphasis was very much on proving the viability of CI against those who would dismiss it as unworkable and perhaps thereby give support to the kind of piecemeal approach which characterized the Fowler reforms. Indeed, Parker (1989, 3) viewed her own research on tax and social security as taking up where Fowler left off, as being concerned with causes, not symptoms. Now, in the context of the debate in the mid-1980s this seems reasonable and sensible, especially given the social and economic circumstances to which the debate itself was attempting to respond. What I am going to suggest, though, is that the debate, and the debate's context, has changed largely due to the initial emphasis on feasibility. Questions of feasibility must continue to be asked, re-examined and publicized of course but, once firmly established as they now are, should be regarded as a shell which is very much dependent upon a more fundamental, internal core which concerns itself with questions of desirability.

So it was the inadequacies of the Fowler reforms which inspired much of the systematic work on CI which was subsequently done. Parker's *Instead of the Dole* (1989) seems to be the first work which makes a distinction between a partial CI (PCI) and a full CI (FCI). This is the single most important distinction which the economic analyses have made since it attempts to head off any objection which says that CI is unrealistic because it would 'cost too much'. By a PCI Parker refers to a guaranteed, unconditional income which would, broadly speaking, be revenue-neutral. It would not in itself provide enough to live on without being supplemented by wages or conditional benefits - at 1994 levels it would have represented about £36 per week - but would undoubtedly reduce poverty traps considerably. By a FCI is meant a guaranteed income which would be enough to live on, e.g. about a third of average earnings, which at 1994 levels would have provided about £115 per week. Now the distinction has to be made because Parker (1989, 110-1) costed a such a FCI as requiring a tax rate on all other income of at least 70%. This would, if anything, institutionalize poverty and the poverty trap. A PCI, meanwhile, by aiming to be neutral with respect to existing expenditure on social security and tax allowances avoids the kind of incredulous response which a 70% tax rate elicits.

This does not mean that Parker's proposal for a PCI is uncontroversial, of course. For instance, why not aim for a FCI which

provides less than a third of average earnings and so might lie within the realms of feasibility when it comes to the consequent taxation rate? Also, David Purdy (1994, 42) makes the point that a PCI could be taken to imply the equivalent of a FCI paid to a section of the population, i.e. the poorest. This, though, might be to retain stringent conditions on eligibility. Furthermore, Meghnad Desai (1995, 7-8) has written of the feasibility of a revenue-neutral CI of £50-£60 per week. This, however, would eliminate all kinds of conditional, supplementary benefits and ignores the possibility that income-testing is sometimes the best way of getting resources to those who need them the most. At the same time, of course, Parker's PCI raises questions as to whether it is too low to be efficacious since £36 per week would not have covered most people's housing costs in 1994. And, more recently, even introducing a PCI is seen as a long process requiring prior, transitional CI's which are very modest - about £15 per week (Parker & Sutherland, 1994). However, these latter arguments regarding the supposed inadequacy of a PCI do tend to ignore the research which has been conducted. Parker and Sutherland (1994, 3-8) have used a simulation model on the redistributive effects of a transitional CI and have found it to be surprisingly redistributive. For instance, with a CI in 1994 of £15 per week for an adult, and £12 per week for a child, 37% of the poorest decile would have gained by over £15 a week, 24% would have gained by between £5 and £15 a week and 1% by less than £5 (cf. Atkinson, 1995, 109-29). These figures are still relatively modest - and the consequences for the second poorest decile are not as good - but they are more substantial than the critics of PCI tend to allege.

These various criticisms aside Parker, in introducing her research, felt confident enough to proclaim that the obstacles to the implementation of CI were now political rather than economic and technical:

...the critical issues are ethical (and political), not technical at all. The technicalities must be confronted if the case for integration is to be fully understood, but the real argument concerns human relationships and human values. Do we want to live in a society where making money is all that matters, or are there other objectives that we hold more dear? (1989, 6-7)

Yet attempts, by her and others, to convince the political and

economic establishments of this have achieved less than many might have hoped. In the mid-1990s the technicalities continue to engulf debate over social security reform. Why is this the case? It is, I think, because we live in a political culture which has never been very good at addressing moral and social issues and, in truth, CI advocates have not been very effective at challenging that culture.

This can be illustrated by looking at the Liberal Democrats. The Liberal Party, as it used to be, has looked favourably on tax/benefit integration since 1978. Indeed, it was this Party's debate on social security reform that influenced so much of what was to follow (Vince, 1983) - including proposing transitional CIs and coining the name Citizen's Income. The support which many in the political centre have given to CI is not difficult to explain. On the one hand, their commitment to systematic welfare provision is stronger than that given by the Right. The Conservative government is condemned for preferring targeting, which only serves to discourage potential claimants while stigmatizing existing claimants. Socialists, on the other hand, are viewed as favouring the introduction of rigidities into the labour market, e.g. a minimum wage would either be too low to be useful or would price many jobs out of the market (Meacher & Ashdown, 1992). The Liberal Democrats went into the 1992 election with a firm commitment to CI but, subsequently, this commitment began to unravel and was firmly ditched in September 1994. This has been partly because of suspicions that Labour had lost the election because of its tax proposals, as modest as they were; also, because the new party has incorporated many ex-SDP members into its ranks who are also ex-Labour Party and who, therefore, feel more comfortable with a familiar social insurance approach. So, at the 1994 conference a good 60% of delegates voted to scrap the CI commitment. Now, one of the most outspoken critics of CI in the Liberal Democrats has been Sir William Goodhart. At the conference, Goodhart was able to argue against CI by invoking the spectre of a 70% tax rate and, as such, CI was condemned as impractical and utopian. This was the case despite the Party having ruled out the possibility of a FCI in a policy document (Liberal Democrats, 1989) which it endorsed in 1990. Hermione Parker (Goodhart & Parker, 1994) also pointed out that it was necessary to quantify exactly what is meant by a full CI, without which simply throwing around the 70% figure was intellectually



dishonest. Yet Goodhart's objections prevailed. His confusion of PCI with FCI was reflected in the conference vote, where many delegates even seemed to have little knowledge of their own policy. In one respect this confusion reflects an ignorance of the feasibility issues. But this ignorance itself may be due to the reluctance of the Party to publicize CI by first debating its revolutionary implications, e.g. those of unconditional provision, and then by taking the debate to the wider electorate. Within the party the debate remained at the level of economics - costings, incentives - and there may have been a feeling that arguing for an unconditional income on the doorstep would not be a vote-winner. As a matter of pragmatic politics this is probably the case. But can social justice be achieved by limiting ourselves to pragmatics? Is it not the case that we should be redefining the scope of pragmatism, arguing against Joe Voter's misconceptions and biases if we consider these to be obstacles to desirable objectives?

In engaging with issues of desirability this research is not claiming that this is the approach that must always be taken, that feasibility does little more than supplement deeper, more theoretical considerations. However, I am arguing that at this point in the debate the emphasis should shift to reflect the fact that, if it is to ever merit serious consideration by political parties and the wider public, as much attention must be given to CI's moral implications as to its economic implications. In certain respects, CI has still not made it off first base. All of the costings and economic modelings in the world will be irrelevant if gut instincts still rebel against such features as unconditionality. A desirable consequence of this research would be to intervene in the debate in these terms and contribute a voice to those who proclaim that CI is not only economically feasible but socially desirable.

As such, it has to be admitted that whereas the main purpose of this thesis is to provide a broad outline of the CI debate, and how it interacts with other debates over social security reform, my own personal advocacy of CI cannot be eliminated. When push comes to shove I feel that, for all its faults, CI represents the most desirable option for reform. Hopefully, however, this preference, or bias, on my part will not have the consequence of unfairly magnifying CI's advantages while conveniently concealing its defects.



### 3. The Focus of the Research

Now, if we are to deal with the broad area of desirability upon what, specifically, should we focus? What are the varying ways in which the normative questions might be dealt with?

We might, for example, examine the moral foundations of CI. To what extent can CI be justified according to libertarian, egalitarian and communitarian principles? Does it assume rights, need or desert as the basis of welfare provision? What are its implications for issues such as taxation, free-riding, pluralism etc. (Van Parijs, 1992a & 1995; White, 1995)? Or, we might look less at moral concepts and more at how a CI could contribute to the democratization of economic and political institutions. Would it entail a more open and accountable state by promoting individual autonomy? Could it unite welfare provision with a de-bureaucratized welfare state (Jordan, 1985 & 1989; Hirst, 1994)? Alternatively, we could look at the ideological foundations of CI. How do the varying perspectives approach CI, especially in the light of wider attitudes to social security and the welfare state? What are the points of agreement and disagreement in their approaches and how might these affect the design of CI if and when implemented?

Each of these approaches has its merits. For instance, high-level philosophizing demonstrates the extent to which the debate surrounding CI often goes to the heart of contemporary moral and political philosophy (Van Parijs, 1995). However, this thesis is going to take an 'ideological' approach. The conceptual angle is limited when it comes to social policy debates. White (1995) argues that a more-than-minimal CI would exploit those who earn and contribute to society, whereas Van Parijs (1995) argues that this is not the case. For my part, I feel that we may well accept that a CI theoretically implies the exploitation of the earner/contributor by those who take the CI but contribute little in return, yet that we may still find in favour of CI because a comparative analysis with other proposals reveals its disadvantages to be outweighed by its advantages. Yet it is this comparative analysis which the high-level philosophizing of those such as White and Van Parijs manages to avoid. Also, arguments over the potential renewal of economic and political institutions which CI may represent are obviously derivative on ideological debates concerning the nature of those

institutions. Furthermore, unless we assume that economic analysis is a neutral, objective and scientific procedure then we ought to investigate the ideological contexts within which such analyses proceed.

So, although concerned largely with the 'desirability' side of the debate, an ideological approach, to a certain extent, allows us to make the jump from 'desirability' to 'feasibility', i.e. from the theoretical abstractions of the debate to the more practical, social policy aspects. This makes it a crucial, yet still under-researched, aspect of the CI literature. In examining the theoretical foundations of CI, then, this research is going to take the structures of those foundations as being profoundly ideological. This will not only, hopefully, provide an original insight into the CI debate but will make us familiar with wider social security debates - as suggested earlier when I mentioned that several combinations of various reform strategies (New Right, strategic co-ordination, structural integration) could be imagined.

#### 4. The Objective and Structure of the Research

This now allows me to outline this research's single over-riding objective. Basically, this consists in giving some response to the following three questions. Why do ideological proponents make a contribution to the CI debate in the first place? What form do those contributions take? Why do the ideological variants of CI emerge as a result? Let me explain why these questions are so crucial.

One of the most distinctive features of CI is the fact that it receives a certain degree of support from across the political spectrum. Whatever its significance for mainstream political debate, CI manages to gather support from Right libertarians to Marxists, from ecologists to feminists to theologians. Since there are relatively few reform proposals of which this can be said, it is a phenomenon deserving of attention. Curiously enough, however, this distinctive feature of CI has failed to receive an analysis which is both systematic and comprehensive. The literature which does address issues of desirability tends to examine CI exclusively in terms of one principle or another. For instance, Van Parijs (1992, 81-240) initiates investigations of CI in terms of liberty,

equality, community and efficiency, but says relatively little as to why and how CI manages to appeal simultaneously to all of these principles. His approach, therefore, captures why varying justifications of CI conflict with each other, but not why they also manage to establish some kind of consensus. As such, we need to appreciate the fact that CI touches on subjects which are much broader than those which are normally dealt with in the literature, and raises issues which give rise to consensus as much as to conflict.

There are three subjects which must be investigated if the above questions are to be addressed. Firstly, we must understand that attitudes towards the state-provision of benefits-in-cash derive, in large part, from prior conceptions of citizenship, i.e. the recognized status of social members. It is therefore through an examination of those conceptions that we begin to appreciate why ideologies which conflict on so many matters may, nevertheless, all be attracted to a proposal for a *Citizen's Income*. The subject of citizenship, as such, relates to the first of the above questions.

Clearly, those conceptions alter as interpretations of the justice and efficiency of our market-based society alter. So although many ideologists may agree on citizenship as a basis for income provision, the precise nature of the provision which they will support depends upon their competing ideas regarding the labour market status of individuals. Should benefits simply reflect wage-earning capacity, or the lack of it, or are there non-earning forms of work which deserve reward? Our second subject, then, concerns work and employment, and an analysis of these enables us to begin to understand why ideologies make differing contributions to the CI debate.

Finally, these diverse conceptions of citizenship and labour market activity go hand in hand with divergent economic philosophies concerning employment generation: a CI would have disparate designs and implications depending upon whether it was found in a monetarist economy which eschews full employment, in a Keynesian economy which supports it, or in a post-employment economy which focuses upon employment redistribution. Once, therefore, we have examined work and employment generation we have begun to address the question of why ideologies make differing contributions to the CI debate.

This leaves us in a position to address the third of the above

questions. If ideologies are attracted to the basic idea of CI, and so have reason to involve themselves in the debate, but draw dissimilar conclusions as to its social and economic role, then what variants of CI emerge as a result? What are the principal models of a social security system which is tax/benefit integrated? Exactly how do those models correspond to the ideologies which inspired them? In a way, then, this final question is a synthesis of the preceding two: once we understand why CI's attraction extends across the political spectrum, and why that attraction breaks down under the weight of ideological polemics concerning work and employment generation, then we are able to comprehend the CI variants on offer. Addressing ourselves to the above three questions, therefore, should allow us to map the contours of consensus and conflict which are to be found within the CI debate.

Looking ahead somewhat, we will see that because economic liberals conceive of wage-earning activity in the formal labour market as the basis of self and society they tend to be attracted to labour market flexibility and to means-tested benefits. By taking the emphasis away from minimum wage proposals CI would seem, for economic liberals, to offer income security without the rigidities of the current system. Social democrats, meanwhile, are also committed to the functional qualities of wage-earning activity but do not believe that the market alone can insure people against the risks and traumas which the market itself creates. Social insurance is required; however, since it is clear that both insurance benefits and supplementary, 'assistance' benefits have been far from perfect, and that the labour market is more fragmented and fragile than 50 years ago, then the emphasis must be shifted away from a lifetime of paid contributions. With its citizenship ethic CI could offer social democrats a way forward. Finally, the democratic Left are those who are most suspicious of what they see as the disciplinary strategies of both state and market, and who therefore seek forms of social formation and identity formation which lie outside these realms. The unconditionality of CI would appear to provide one way in which non-market and non-state spheres of activity could be promoted.

But though this explains the attraction of differing ideologies to CI in the abstract, this is obviously not the whole story. For example, though all ideologies might stress the desirability of social and income security what this means and implies will obviously



alter as we move across the political spectrum. So once the debate ceases to be abstract and theoretical and becomes a prelude to policy formation then we will begin to see, in Part 2, how and why differing contributions to the debate produce alternate forms of CI. With their stress on market-led flexibility and low public spending economic liberals usually favour the ex post form of CI provision known as NIT. Social democrats still wish to retain some notion of conditionality, since unconditional benefits are thought to fail to discriminate between duty-observing citizens and free-riders, leading them to either abandon CI in the short-term or perhaps to favour the conditional variant known as Participation Income. Furthermore, a PCI appears to lack the kind of benefit generosity which social democrats prefer. The democratic Left are satisfied with unconditional benefits but not, similarly, with the modest levels of PCI; they, though, are less willing than social democrats to sacrifice low rates of benefit withdrawal in order to achieve generous benefit levels. As such, they will wish to fund a FCI, in the form of a social dividend, through ecological taxes and/or returns on co-operatively-owned resources. So, by examining NIT, Participation Income and social dividend we will begin to appreciate the particular contributions which ideologies make to the debate and why their various contributions give rise to differing CI models. In short, I submit that the questions identified above, to which our objective is to provide some response, are essential to understanding the CI debate as it moves from its more theoretical aspects to its more practical ones.

Before outlining the chapters which are to follow, it is necessary to insert two points. The first concerns a possible objection to the structure of this thesis and to the relatively limited number of ideologies with which it is dealing. Why could this thesis not have dealt with six or seven ideologies on an equal basis by outlining the ideology per se, its interpretation of the welfare state and its likely approach to CI, thus allowing the reader more of a wide-ranging comparative analysis? I have not adopted such a structure because it does not, to my mind, allow ideologies to engage with each other to a sufficient extent: it does not highlight the central issues around which ideological disagreements over social security reform revolve. I have therefore tried not only to draw ideological distinctions but to do so in terms of those issues which make it plain

what is at stake when ideologies engage in debate over social security. This is the aim of chapters 3 to 5, especially. Furthermore, if this is the approach to be taken then, consequently, the number of ideologies with which we can deal *comprehensively* becomes limited. This may be a particular problem when we consider the degree of attention which has been given in recent years to both ecological and feminist thought. As a solution, I have given a certain amount of attention to each, but not on an equal par with economic liberalism *et al.* Though far from ideal this can be justified: many ecological thinkers have lent their support to CI, yet critiques of the welfare state itself are few and far between (cf. George & Wilding, 1994, 161-88); and although feminism has developed such critiques (Pascall, 1986) there has been very little work done on CI itself, and it is far from clear that feminism offers a different model of CI. As such, ecologism and feminism are examined in chapters 9 and 10, respectively, partly in their own right, with the objective of extending their commentaries on social security and CI, and partly as ideological critiques upon which the democratic Left must draw if it is to have a *political* future. This final point needs underlining. I am not claiming, because I do not believe, that the democratic Left is the natural, or the only, home of feminists and ecologists. On the contrary, my approach is entirely the opposite of this: it is the democratic Left which must draw on feminist and ecological critiques if it is to effect the transition from a series of high-level philosophical debates to a coherent political programme. Elements of this philosophy and this programme make an appearance in the chapters to follow.

The second point concerns a note on terminology. As I have indicated, CI has gone under a number of names at different times and places. Also, the proposition of this research is that differing ideologies have alternate versions of CI that deserve investigation. So, for the purpose of this research fig.1 should be borne in mind:

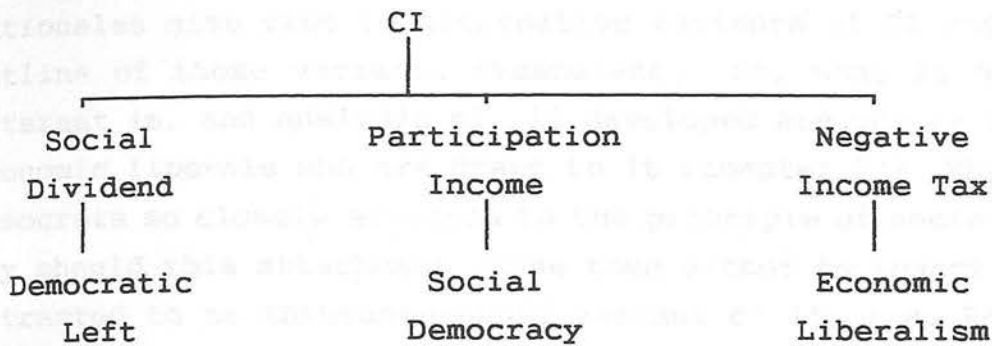


fig. 1

NIT, Participation Income and social dividend refer to the preferred forms of CI of economic liberalism, social democracy and the democratic Left respectively. So when I refer to 'CI' itself I will refer to what David Purdy calls a "field of debate":

An analogy might be the distinction between the concept of proportional representation as an abstract ideal and the various alternative voting systems which attempt to put it into effect. (1994, 31)

So let us now briefly review the chapters which are to follow. The purpose of Part 1 is to identify those areas upon which varying ideologies differ in their essentials. After outlining the ideologies with which we are dealing (chapter 2) I go on to discuss citizenship (chapter 3), since a CI would make citizenship the basis of income provision though, as we shall see, ideologies have profoundly different conceptions of social membership. Then I go on to address 'work' (chapter 4), i.e. what the concept means now and how its meanings have evolved over recent centuries. The point here is to understand how committed our ideologies are to what I will define as an 'employment ethic'. Finally in Part 1 we will examine full employment (chapter 5), i.e. at what our ideologies take it to mean, and at how conceptions of the proper role of a social security system alter as economic philosophies alter. So, Keynesianism and Monetarism are discussed, as are various other factors which challenge familiar notions surrounding full employment. In each of chapters 3 to 5 the significance of the discussions for CI are spelt out.

Having explained in Part 1 why each ideology ascribes to CI a different rationale, Part 2 attempts to explain why these

rationales give rise to alternative variants of CI and to give an outline of those variants themselves. So, what is NIT, how has interest in, and analysis of, it developed and why is it primarily economic liberals who are drawn to it (chapter 6)? Why are social democrats so closely attached to the principle of social insurance? Why should this attachment cause them either to reject CI or to be attracted to an insurance-based variant of it, i.e. Participation Income (chapter 7)? Has CI a role to play either in a market socialist economy, as preferred by the democratic Left, or in the transition to such an economy (chapter 8)? Having outlined the dominant CI models, we are then left with the separate justifications for CI which are provided by both ecological and feminist thought. Why might ecologists and feminists find elements in CI to attract them and in what ways does CI contribute to the practicalities of an ecological programme (chapter 9) and of a feminist programme (chapter 10)? At the same time, in each of these chapters one section is devoted to ecological and feminist critiques of market socialism - in order to round off our account of the democratic Left and to speculate as to whether a CI could form the basis of a radical politics. Finally, in the concluding remarks (chapter 11), we will not only summarize the research but will also look towards European integration and the likely implications both for the welfare state and for the future direction of the CI debate. In this way, I hope to contribute both to the CI literature and to the wider debate over social security reform.





**ECONOMIC LIBERALISM, SOCIAL DEMOCRACY AND THE DEMOCRATIC LEFT****1. Introduction**

This chapter provides an initial characterization of each of the three principal ideologies with which we will be dealing. With both economic liberalism and social democracy (sections 2 and 3) I will first outline their defining features before looking at each in terms of several major theorists in order that those features may be illuminated. Since the democratic Left, however, is far from being an established ideology, and is only now in the process of emergence, our treatment of it in section 4 will need to be both more speculative and more tentative.

**2. Economic Liberalism**

In this thesis I am going to treat economic liberalism as being synonymous with the 'Right'. Yet since the Right is often taken to signify both a libertarianism and a conservatism, or welfare paternalism, does not my emphasis risk over-balancing any analysis in favour of the former as against the latter? Would this emphasis not miss the considerable social and moral critiques which such conservatives, in their hostility to the unrestrained market, have raised? And would this not damage any study of a system - social security - which is far from being a purely economic institution? There are two possible responses to such objections.

The 'historical' response runs something like this. The object of my research may be the social security system but, obviously, this is inseparable from the wider welfare state. Now, over the last fifty years, what we may refer to (in a British context) as one-nation, paternalist conservatism has taken its lead from social democratic approaches to the welfare state. This should not be over-stated. The

welfare state of Churchill, Butler et al would undoubtedly have been different from that of Attlee, Bevan et al. Also, post-war social democracy in many ways took its inspiration from earlier, reformist liberals who were as devoted to free trade as they were to minimum welfare standards. Nevertheless, given the context of the Second World War and the reconstruction necessary after its close a broad consensus over welfare was established which was social democratic in character, in that it implied not only a welfare state but also a managerial, interventionist state. Until the late 1970s Labour and Conservative administrations established a high degree of continuity in their management of welfare provision. In many respects the post-war consensus was a welfare consensus. With the advent of Thatcherism, British conservatism underwent something of a bifurcation. Some one-nation Tories, like Ian Gilmour, held out against the rightward drift and suffered because of it. Some, like Keith Joseph, embraced and helped to define economic liberalism. Others, like Chris Patten, sought to adapt their conservatism to the new language of economic liberalism, with debatable effect. In any event, this need not alter my approach. To the extent that conservatism has retained a non-Thatcherite edge it still seeks a broad consensus with social democracy over the welfare state. Often with different motivations and objectives, to be sure, but not enough to warrant treating conservatism as a distinct ideology in this context. Similarly, to the extent that British conservatism has sought a broad agreement with economic liberalism there, too, it has not established a distinct position, i.e. the assumptions, principles and values of economic liberalism have dominated. In terms of social policy, therefore, I feel justified in deleting specific ideological reference to conservatism, treating it as a supplement to social democracy and economic liberalism, alternately, and referring to it in these terms. The same would obviously not apply if we were dealing with other subjects, especially something like constitutional reform.

So, thought of historically, British conservatism has not constituted a distinct ideology - unlike continental christian democracy. However, a more philosophical response to the earlier objections reminds us that economic liberalism implies considerable non-ideological conservative elements in any event. We will not go into detail on this point here, since the later treatment of Hayek

will explain what is meant, except to note that economic liberalism does suggest social and moral critiques which have profound implications not only for society but also for the self. Having dealt with this objection, therefore, this section will first provide a systematic outline of what I will mean by economic liberalism before drawing a distinction between its conservative and libertarian variants.

In order to understand economic liberalism there are four basic aspects to it which I think we should stress. Firstly, there is an epistemological aspect. This insists that the survival and development of society depends upon our recognizing, and remaining within, the limits of rationality. If we do not recognise that such limits exist and attempt to step over them, even with the best of intentions, then society is transformed from an open and plural space into a closed, bureaucratic machine. Once this occurs we are well on our way to totalitarianism via the naiveties of social democracy. Our examination of Hayek, below, will elaborate on this point.

Secondly, economic liberals stress individualism. In other words, individuals possess natural capacities and abilities which are repressed or violated unless they are free to interact as they choose. Such interaction requires a state to maintain law and order, the condition of free interaction, but not the kind of state action which would intrude into private relations and so itself become the origin of coercive force. Such coercion is, therefore, immoral; further, it is 'strategically' naive since it ignores the fact that market relations produce an outcome economically and socially superior to any collectivized design. This aspect, then, is ultimately political: a minimum state only is required. However, as we shall see, there is a critique which suggests that this individualism is incredibly shallow since unrestrained market relations only allow the individual to identify with a narrow range of goals and goods. This critique goes along with the one which says that though the economic liberal state is minimal, it is also authoritarian.

Thirdly, justice is about free choice and the conditions of free choice, which do not imply reference to end-states of resources and powers. As we shall see, this aspect of economic liberalism is most clearly articulated in the response which Nozick gives to Rawls and, as the next chapter will argue, seems to depend upon too rigid a



separation between rights and powers.

Fourthly, in Hayek's version of economic liberalism - the most subtle and defensible version there is - room is made for a public sphere which is far more holistic than that allowed by more libertarian thinkers. However, it is precisely this holism - in its depth and complexity - which does not permit it to be identified with the collectivized state. Any attempt to 'take hold of' that public sphere and mould it according to rational design will malfunction and so invite yet more interference and yet more malfunctioning. Rationality, if not held in check, snowballs into something so irrational that it is beyond the control of conscious design.

Finally, it is these above characteristics which explain why economic liberals tend to value market relations above all. The limits of rationality demand that we step back from the social order and, rather than regard it as material to be programmed and managed according to conscious design, respect it as the unintended outcome of a multiplicity of market exchanges, for only through the invisible hand is private self-interest transformed into the public good. Though the occasional act through which market failures may be corrected is defensible, for the most part the (market) means justify the (social) ends such that considerations of justice do not apply to collective states-of-affairs. To ignore this, which is the vice of socialists especially, is to invite a collectivist, managerial state which dissolves the private space of individual freedoms as surely as it does the free market of contractual exchanges.

These five, inter-related points do not allow us to comprehend the entire range of economic liberalism, but they do summarize its essential philosophical, economic, political and moral assumptions. The rest of this section will elaborate on these points as we now draw a distinction between the conservative and libertarian aspects of economic liberalism via the ideas of Hayek and Nozick respectively.

When the New Right began to wield political influence in the mid-1970s, the target was as much paternalist conservatism as democratic socialism - indeed, the former attracted outrage precisely because it was seen to have complacently incorporated elements associated with the latter. All the more strenuously, then, did New Right theorists strive to dissociate economic liberalism from any conservative tendencies, which they often viewed as pseudo-

socialist. The best and, so far as I can tell, the earliest example of this is provided by F.A. Hayek (1960, 398-406).

Why does Hayek go to the trouble of doing so? Because, he says, conservatism "...cannot offer an alternative to the direction in which we are moving" (1960, 398). That direction is a socialistic one, which Hayek saw as leading inexorably to totalitarianism. Conservatism may act as a brake on this process but it cannot offer us a different direction in which to proceed. This is because conservatism is so highly contextual, i.e. it treats every context within which it finds itself as 'given', as something beyond which we cannot go in order to subject that context to rational critique. For conservatives, rationality is severely limited, the slave to other, non-rational forces. This means that political thought should not concern itself with constructing the best kind of society - there are no conservative utopias, other than those located in the past. Instead, conservatism sees it as the purpose of political action to preserve and to conserve existing relations and institutions.

But, insists Hayek, what this orientation to tradition actually translates into is a pragmatism which, like a weather-vane, points in whatever direction the ideological wind is blowing. So whereas in the nineteenth century conservatism first resisted and then succumbed to laissez-faire liberalism, in the twentieth it has surrendered even this position to socialism. For socialists, by contrast, have had no compunction about re-organizing society according to abstract principles. As a consequence, conservatism has been either unable or unwilling to resist public ownership, state intervention, the welfare state etc. Indeed, to a large extent conservatism has, in practice, been indistinguishable from socialism. Hayek would therefore have us embrace liberalism:

What I have described as the liberal position shares with conservatism a distrust of reason....The liberal differs from the conservative in his willingness to face this ignorance and to admit how little we know, without claiming the authority of supernatural sources of knowledge where his reason fails him. (1960, 406)

But some commentators sympathetic to Hayek have complained that the distinction is still overdrawn. Norman Barry (1987), for example, says that conservatism is more varied and complex than its critics allege. It does work with rational principles, it does

criticize the policies and institutions of the Western democracies. Certainly, it has little empathy with individualistic liberalism - whether Kantian or Utilitarian - but contemporary liberalism is often organic and sceptical:

The current emphasis in liberalism is on spontaneity, that there are natural tendencies to growth and progress in complex societies which operate more effectively the less the state intervenes. (Barry, 1987, 86-7)

Now, I am far from certain why Barry should imagine that contemporary liberalism can be characterized in this way, but his argument does seem applicable to Hayek. Hayek's version of economic liberalism is not solely libertarian - as is the case with Nozick (1974) and Rothbard (1973) - so that we err if we overlook the conservative aspects of his thought. Conservatism could be distinguished as an ideology in its own right, implying as it does a distinctive outlook on human nature and society - though not one we are considering for reasons already explained; and in this sense Hayek is most certainly not a conservative. But conservatism also implies something of an anti-ideology, as Hayek recognized. As such it constitutes a mood, an attitude, a disposition; conservatism is that which reminds us that theorizing and organizing have inherent limits. It is this latter, non-ideological kind of conservatism which makes an appearance in Hayek's work. In what way?

Civilization 'begins', he says, when individuals can use and profit from the knowledge which they themselves do not possess. Understanding such a society therefore implies recognizing and appreciating our ignorance: "Though we cannot see in the dark, we must be able to trace the limits of the dark areas" (1960, 23). Civilization is that which is created by us but not designed by us. As we become conscious of our surroundings we attempt to adapt ourselves to them. This means striving for objectives, though what we actually achieve may not be what we intended - since reason is internal to nature and experience. A change in social conditions requires changes in our activities and practices, though the form which our new practices will take is beyond our control. The instruments of adaption - institutions and traditions - are beyond our comprehension. Individual freedom is both justified and required precisely because of our ignorance of the factors shaping



our ends and goals. The collective is that which we cling to as a means of forgetting how ignorant we are. So guaranteeing individual freedom is the one way we may intervene in civilization to ensure that the limitations of our reason are protected and nurtured (1960, 22-38).

Hayek's disclaimer, therefore, that he is not a conservative should not be taken on trust. What Hayek is doing is interpreting conservatism purely as an ideology and thus rejecting it both as a critique and as an influence on himself. But conservatism as a mood or attitude, as something which is not systematically ideological, is palpable in his work. The fallibility of humanity, the imperfectability of society, the embeddedness of the individual in his surroundings, the innate value of inherited traditions, the organic character of civil society, the virtue of authority and hierarchy, the symbolic or expressive complexion of power, the pragmatism of political action: all of these conservative elements make some kind of appearance, to some degree, in Hayek's texts.

So Hayek's antipathy to the 'collective' is explained by what might be called his moral epistemology. The collective would make us drift into a state of amnesia, of unconsciousness, where we imagine that we possess unlimited strength and powers. So egalitarianism is one of the dreams which comes to the collective. But, argues Hayek, to treat unequals equally results in inequality in their actual position. Egalitarianism is not only undesirable, it is self-contradictory:

Equality before the law and material equality are therefore not only different but are in conflict with other; and we can achieve either the one or the other but not both at the same time. (1960, 87)

Since without law civilization is threatened, and since equality before the law entails abandoning material equality as an objective, it follows that any attempt to design a particular pattern of material distribution and impose this on society will threaten the very survival of civilization. This is what the welfare state, public ownership and state interference in the economy represent. These artificial institutions are what promote the coercion inimical to a free society, and deprive people of the sense of responsibility they require in order to be reasonable beings.



So, we begin to understand why economic liberalism has the character it does: valuing the private over the public, the individual over the collective; defining freedom negatively as an absence of coercion; encouraging spontaneity in social/economic relations under the rule of law. At this point, though, the virulent 'pro-market, anti-state' Hayek of *Law, Legislation and Liberty* (1973; 1976; 1979) had not quite emerged. In *The Constitution of Liberty* (1960) he is willing to view the state as having some positive functions to play, so that it is the character rather than the volume of government activity which is seen as important. In other words, it is better to have an active state enabling a market-led economy than a completely inactive state standing to one side while the economy fails (1960, 220-2). This manages to both prefigure and to contrast with the anti-democratic rhetoric of Hayek's later years. Perhaps in reacting so strenuously against conservatism, Hayek was reacting against the conservative and pseudo-socialist elements in his own work!

Yet, for all their confusion of the meaning of liberalism, those economic liberals who combine conservatism with libertarianism are being consistent. If society is going to erect a 'wall' between the polity and the economy, a wall which is to be breached by the state very infrequently, then what is this 'wall' to consist of? It must include such personal characteristics as respect for the constitution and rule of law, and acceptance of material inequality. Immediately, it seems, we must begin to think of the 'wall' not as a series of external institutions, offices and practices which are there to keep the state and economy apart, important as such institutions are; instead, the separation is to be effected and maintained through institutions internal to the characters who make up the economic liberal society. Economic liberalism basically says that the market is best. But for the market to operate, the individuals of whom it is composed must identify closely, if not absolutely, with the workings and outcomes of the market. This means imbuing individuals with the virtues of self-reliance and self-responsibility. It means, in short, the construction of human identity to ensure that it internalizes the imperatives and needs of capitalist market economics. This not only requires an economic man, who will act rationally in the market order according to his self-interest, but a conservative man whose sense of self is dependent

upon where he is located in the social structure of material inequality.

The polity and economy are ultimately kept apart by 'characters' who accept the authority of the market as infallible, inviolable and unquestionable (Heelas, 1991, 72-90). It is precisely the necessity of nurturing individuals who will identify with the unrestrained market which libertarians ignore. Lesser theorists such as Friedman (1962), Rothbard (1973) and Buchanan (1975) reveal little more than a brute materialism and positivism. A more substantial theorist like Nozick, however, rewards closer attention. In Nozick's society the means or procedures through which a particular distribution is produced are subject to considerations of justice, the social ends which are thereby created are not. The means always justify the ends. For to regard patterns of distribution as either just or unjust is to ignore the status of justice as an attribute of individuals' actions. Justice prevails when the rules of acquisition and transfer have been satisfied (1974, 155-9). Distributive conceptions of justice, meanwhile, casually identify a social entity where no such entity exists (1974, 32-3). Though these ideas are similar to Hayek's, Nozick is perhaps more willing to attribute utopian implications to liberalism: not as a totalized, unflawed state-of-affairs, but as one within which we each create our own utopias by pursuing our freely chosen ends without interference (1974, 297; Gray, 1986, 41).

There seem to be five basic principles underlying Nozick's position. Firstly, property rights are absolute, so that taxation is equivalent to forced labour. Secondly, entitlements to goods 'trumps' considerations of desert and need. Thirdly, we should only be concerned with material benefits since only these can be quantified: an individual's 'inner-state' is not publically visible and therefore is irrelevant to political thought. Fourthly, ownership is synonymous with private ownership. Fifthly, self-ownership is formal rather than substantive, since you are the owner of yourself regardless of the resources and powers you possess, or could possess.

Though Nozick's defence of procedural justice throws up several problems, putting in question his justification of a minimal state, perhaps the main one is that even if we assume that justice is solely about acquisition and transfer, how do we know that the distribution which has actually come to exist is the same as that distribution

which should exist? How do we allow for all of the transfers down all of the centuries - since when? - that have not been legitimate? Nozick, famously, allows for this himself:

...past injustices might be so great as to make necessary in the short run a more extensive state in order to rectify them. (1974, 231)

So Nozick is caught on the horns of a dilemma. The shorter the duration of this extensive state, the greater the redistribution of resources to rectify past injustices would have to be - perhaps to a point surpassing that which even Marxists have imagined. But the longer the existence of the extensive state, the more Nozick's position collapses into a social democratic one. Nozick could, of course, shorten the duration and modify the redistribution but this would be to preserve the effects of the past injustices themselves. By limiting himself to a procedural conception of justice, therefore, Nozick finds it impossible to reconcile the fact of past injustices with the desirability of the minimal state he is recommending.

The same dilemma does not arise for an economic liberal like Hayek because his conception of justice encompasses and goes beyond proceduralism. His is a conception which centres upon individual character rather than individual action. Certainly the individual must act justly in order to be virtuous, but Hayek et al seem to take on board Durkheim's dictum that every contract implies a non-contract, i.e. a society within which contracts were based solely upon legal enforcement would not work, for unless we recognize the claims of the other person to whom we bear a non-codifiable obligation, then we are not even in a position to judge whether and when a contract has been broken. So procedural, inter-active justice depends for its coherence upon a pre-procedural character-based justice. This is why Hayek et al elaborate, whether they appreciate it or not, a moral conservatism which implies a holistic vision of society with authoritative relations with which the individual is to identify. Indeed, at times their self-proclaimed individualism seems ludicrously misplaced - consider, for instance, the kind of Thatcherite moral absolutism which heralds free choice so long as what is freely chosen is consistent with the needs of a laissez-faire market, i.e. you can opt-out of the public sector into the private

sector, but you cannot ultimately opt-out of the market. So, in Hayek's modified libertarianism, the possibility of past injustices does not arise as a problem since we are rooted in our historical environments and cannot raise ourselves above history to judge other historical periods armed with the instruments of procedural justice. Nozick's Kantian emphasis on rationality is as alien to Hayek et al as the rationality of socialism.

So, economic liberalism is a face with two countenances: a libertarian one and a conservative one. The former works with a conception of rationality more universal than the latter; the latter develops a conception of justice more holistic than the former. It has to be acknowledged that the distinction I have worked with here is one of degree rather than kind and, if anything, it is the conservative version which dominates since there seem to have been very few pure libertarians. Now, it is not my job to assess economic liberalism since it would take too long to do so thoroughly and the objective of this research lies elsewhere. Personally, I believe that a purely libertarian version of an economic liberal society would not survive twelve months and that though a conservative version is durable - the evidence is all around us - it is too stifling of authentic individuality. In any event, the distinction between these two aspects of economic liberalism is one we will rarely need to draw again so that we may now pass on to examine the second of our three ideologies: social democracy.

### 3. Social Democracy

Here, I propose to adopt the pattern that was followed in the previous section, i.e. give a brief, but hopefully useful, introduction to the essential principles of the ideology before illustrating these principles through the work of a recent and important theorist - in this case Rawls, though with some reference to Dworkin.

Social democracy was originally a title adopted by the German S.P.D. in 1875 and one which managed to elicit the contempt of Marx (McLellan, 1977, 564-70). In this thesis I will refer to social democracy in two senses. Firstly, it seems reasonable to use the term



social democracy as signifying both political centrism and democratic socialism whenever we consider the history of ideological ideas, especially since European Leftist parties have been torn between the reformism of the former and the radicalism of the latter. However, it is undoubtedly the case that social democracy has, especially recently, come to refer largely to political centrism, with democratic socialism having been marginalized. So, secondly, when we consider the specifics of possible social security reform proposals, social democracy will be referred to in this more modest sense. This is to both imply that a space has opened up on the political spectrum, due to the increasing conservatism of social democracy, into which the democratic Left is stepping and to avoid the objection that I am over-populating this thesis with versions of Left-wing thought. Consequently, democratic socialists are currently having to decide whether they favour the mainstream agenda of social democracy or the emerging radicalism of the democratic Left with its greater sensitivity to ecological and feminism thought.

Initially, though, we have to ask what the essentials of social democracy are in its broader historical sense. Firstly, there is a commitment to some form of economic democracy. Obviously, there has only ever been a partial consensus over what this means. Centrists have looked more to state intervention within a mixed economy while socialists have conceived of more widespread nationalization - co-operatives and workplace democracy have usually taken a backseat to state-oriented conceptions. In any event, the purpose of economic democracy as an objective has been to socialize the process of distribution by making profit less of a consideration. And, indeed, what may have motivated socialization in the past was less ideology and more the pragmatics of post-war re-construction, though even this distinction may be too overdrawn, i.e. democratic socialists have tended to draw on wartime experiences as evidence of the efficacy of a planned economy, while centrists have believed it necessary to draw back from a planned economy precisely in order to consolidate the gains made in wartime against the powers of private monopolies.

Secondly, social democrats have promoted the interests of the working-class as the agents of a fairer and more democratic society. In this respect they have not differed substantially from Marxists, both having viewed the working-class as the inevitable constituency



of social change. Though the former have not attempted an out-and-out distinction between a class-in-itself and a class-for-itself they, too, seem to have basked in the confidence of an industrial class whose interests only social democrats can fully articulate. As archaic as this now sounds it is undeniable that the highpoint of social democratic influence coincided with the highpoint of organized labour's influence and, therefore, of corporatism and statism. Recently, though, centrists have insisted that support for social democratic parties has shrunk among the working-class which means that social democracy can only survive if it accommodates itself to middle-class interests. Democratic socialists, meanwhile, have warned that this is to overestimate the decline of traditional working-class interests, though many also stress the need to re-articulate such interests in terms of the interests of women and ethnic minorities especially. On this point, the prospects for social democracy are difficult to predict.

Thirdly, comes the objective of widening the scope of democratic rights beyond their basis in civil and political liberties. This means working for social, economic and perhaps industrial rights by systematically redistributing resources which the free market would not, on its own, provide and attempting to accommodate the meanings of a liberal constitution and a democratic polity to this end. We will examine this point in detail in the next chapter.

Fourthly, as a means to these ends social democrats have adopted a growth-oriented strategy which looks more to the formal than to the informal economy as the site of economic and social reform, where 'work' tends to be equated with 'paid employment'. We will analyse this 'employment ethic' in chapter 4 and attempt to give some kind of assessment of it in chapters 9 and 10 which will, therefore, provide ecological and feminist critiques of the social democratic frame of mind.

Finally, and as another means, social democrats have supported welfare provision via some kind of central, state apparatus. This is not to pretend that the welfare state is the archetypal social democratic institution - since this would be to re-write history, among other things. However, given that the purpose of social democracy is to humanize market relations and compensate for market failures the welfare state seems to be perhaps the principal instrument through which this is to be achieved. All the more so,

indeed, because social democracy is itself so ideologically heterogeneous: the welfare state has satisfied, not always perfectly, the conservative desire for social solidarity and legitimation, the reformist liberal desire for a healthy, educated workforce and the socialist desire for a stepping-stone to something yet more progressive.

Social democracy, then, is an ideology committed to some notion of distributive justice, of not leaving everything to market forces. At the same time, though, distributive justice is nothing of the sort unless individual tastes and liberties are preserved and, of course, thereby enhanced. So, we might adapt what Kymlicka (1990, 85-90) says of 'liberal equality' and claim that social democracy is that which simultaneously attempts to be endowment-insensitive, i.e. it wishes to compensate for social and natural disadvantages which it sees as being arbitrary from a moral point of view, while attempting to be preference-sensitive, i.e. not to interfere with people's desires, tastes and freely-arrived at decisions. Philosophically, the goal of social democracy is to draw this distinction coherently, while politically the goal is to 'operationalize' the distinction. In the rest of this section we will pass over the political or pragmatic dimension - which, so far as social security is concerned, is dealt with in chapter 7 - and concentrate on the philosophical dimension. To illustrate this dimension we will look at one of the most important of all political theorists, John Rawls - this is not to claim that Rawls is a social democrat, a more controversial claim than many imagine, but that he engages with the kinds of problems and debates with which social democrats should be, and indeed have been, concerned.

Rawls's distinction between two principles of justice, and why the first is to be regarded as more important than the second, has influenced many:

*First principle*

Each person is to have an equal right to the most extensive total system of equal basic liberties compatible with a similar system of liberty for all.

*Second principle*

Social and economic inequalities are to be arranged so that they are both:

- (a) to the greatest benefit of the least advantaged, consistent with the just savings principle, and
- (b) attached to offices and positions open to all under

conditions of fair equality of opportunity. (Rawls, 1972, 302)

The first principle is 'lexically prior' to the second simply because unless we protect liberty and justice above all, we are likely to invite the kind of political regime which will not establish the distribution of economic resources which we consider to be fair. So the second principle is dependent upon the first in a way that is not reciprocated; basic civil and political liberties can still exist even in the face of massive economic inequalities. Now I have my doubts as to whether this is the case. It could be argued that Rawls's 'lexical ordering' is a neat, theoretical sleight-of-hand but one which does not apply to the real world. Without attention given to issues of social welfare and so forth, civil and political institutions do not attract the free consent of the people, especially the poorest, which they require for their legitimacy and their very survival. And this is long before we come to a possible class-analysis of society and of the welfare state. However, pursuing these critiques takes us into questions of how to define liberalism and away from considerations of welfare and distribution. So, for the purposes of this section we will take Rawls's distinction as read and direct our attention to the second principle above: the difference principle.

The difference principle provides some means of being both endowment-insensitive and preference-sensitive and, therefore, some answer to the questions which lie at the heart of social democracy. To what extent should equality be our objective? Why is inequality justifiable? How do we reconcile social justice with economic inequalities? This gives some indication of the plethora of questions and problems which surround this single term 'equality'. Are we to talk only of equality of opportunity, or something more substantial? If so, what? Why might equality be considered desirable? How might equality be achieved? To whom is it to apply? Is it similarly applicable to both the public and private spheres? No single theorist could be said to address all of these questions more than superficially. However, Rawls provides more illuminating insights than most.

A standard 'escape clause' for many social democratic politicians has been to insist that by equality we must mean equality of



opportunity, for this seems reasonable and harmless enough and is less likely than other definitions to scare away taxpaying voters. But Rawls (1972, 72-5) seems to provide two basic objections to this line of thought. Firstly, although equality of opportunity captures our desire to compensate for undeserved, social inequalities, e.g. inherited wealth, and our desire to eliminate racial and sexual discrimination etc., it is still not enough. An equality of opportunity will still entail an inequality of outcome, or end-states, and unless we address the extent to which such inequality is desirable then our 'escape clause' has solved nothing. Indeed, unless equality of opportunity is to mean nothing more than 'equality before the law' then it has to involve some transfer of resources which, again, requires us to address some difficult questions. Secondly, if there are social inequalities which are undeserved, cannot there be natural inequalities which are also undeserved? If I do not deserve to benefit fully from the fact that my parents are rich, why should I benefit fully from being intelligent or gifted or even healthy? To refer to undeserved social and natural disadvantages is to refer to those factors over which the individual has no control, factors which are therefore arbitrary from a moral point of view. This does not mean that equality of opportunity is irrelevant, but it does mean that such equality is only meaningful if incorporated within some wider notion of distributive justice. Some idea of what this implies is given by asking to what extent I should be allowed to benefit from endowments which are legally mine or talents which are naturally mine.

Now, I am not going to enter into a discussion of Rawls's version of the social contract. What is the status of the original position? Is it a metaphysical account of the self or a political construct? Personally, I have always inclined to the latter view so that the original position be considered as a device for rendering our intuitions more vivid and precise through a process of reflective equilibrium. There is textual evidence for this (1972, 21) though the 'metaphysical' interpretation prevailed to such an extent that Rawls felt the need to subsequently clarify his position (1993, 3-46). To interpret the social contract as a constructivist device is to allow Rawls to contribute more profitably to the whole liberal/communitarian debate, without allowing him to escape from feminist critiques of his assumptions (Frazer & Lacey, 1993, 113-7).



So on this interpretation we can appreciate what the difference principle says without worrying too much as to why it says it.

The difference principle says that social and economic inequalities should be arranged so that they are to the benefit of the least advantaged and attached to positions or offices open to all. In other words imagine three societies in which the distribution of resources between three actors or classes is as the following:

	(A)	(B)	(C)
Rich	20	16	18
Middle	15	13	13
Poor	6	10	8

According to the difference principle (B) is the most just since it is here that the poorest are most well-off. According to strict utilitarian criteria we would be forced to prefer (A) since the total number of 'units' here is greater than in (B) or (C). And according to the criteria of Pareto-optimality we might, if we compare (B) and (C), prefer (C) since it appears as if in (B) the poor have gained at the expense of the rich. But in simply comparing minimum standards with minimum standards Rawls's conception of justice, as long as the principle of liberty is intact, demands that (B) be preferred. In a way, this captures a populist intuition that the richest should only be allowed to gain if a consequence of their doing is that the poorest gain also.

Now, as with economic liberalism it is not my purpose to go into the various criticisms which may be made, and have been made, of Rawls. Briefly, Nozick (1974, 183-231) complains that a logical consequence of the difference principle is that we would also be required to redistribute natural attributes and talents. But this would be to violate the liberal principle of self-ownership, for I may not deserve my high I.Q., devastating beauty and immense charm but these are nevertheless mine and I am therefore entitled to them and to the resources which they help generate. Would Rawls advocate making the intelligent stupid and the beautiful ugly? Presumably not, but this would be the consequence of compensating for natural disadvantages. For whenever we give attention to end-states, rather than the procedures through which end-states are attained, then we treat individuals instrumentally, contradicting the very anti-

utilitarianism articulated by Rawls. And all of this is to assume that we can even identify the least advantaged in the first place. Others, on the Left, have complained that Rawls only concerns himself with redistribution and has nothing to say regarding the possibility that redistribution is itself a capitalistic concept which, if anything, justifies the private ownership of productive resources by diverting attention away from that notion of justice which requires co-operative ownership. So, his difference principle of justice is parasitic on standard civil and political rights and does not establish distinct economic rights because he is not concerned with defining a principle of just ownership (Macpherson, 1973, 87-94). Such objections might be confirmed by the fact that Rawls (1993, 229) came to slightly down-grade the importance of the difference principle. However, many on the Left regard Rawls as potentially contributing to a more radical economic critique (Clark & Gintis, 1978, 324; DiQuattro, 1983, 53-9).

Whatever the truth of such objections, Rawls would seem to provide some answers to earlier questions. To what extent should equality be our objective? To the greatest extent possible as long as liberty is guaranteed, since equality captures those "...features of human beings in virtue of which they are to be treated in accordance with the principles of justice" (1972, 504). Because we are all moral persons capable of developing conceptions of the good and a sense of justice then we are all entitled to equal justice (1972, 504-12). This is what defines Rawls's position as one of liberal equality. But what the difference principle then calls for is the deliberate distribution of certain goods to ensure fair social interaction.

The second question raised earlier was: why is inequality justifiable? The Rawlsian answer is that it is justifiable when it maximizes the position of the least well-off. This captures the intuition that it is better for Poor Tom to have 3 cows if Rich Bob has 10 than, it is for Poor Tom to have 2 cows while Rich Bob has 5. In real-world politics this translates into the argument that examples of extreme wealth are desirable in so far as we gain as individuals - by being provided with incentives - and as a society, because through innovation, investment and taxation collective living standards rise. Nevertheless, there is still a popular feeling that extremes of wealth and poverty must be avoided.

What of the third question: how do we reconcile social justice

with economic inequalities? Rawls seems to articulate the balancing act which social democrats have attempted between (largely) privatized production on the one hand and socialized distribution on the other. Some form of market economics and private ownership are needed to maximize the total stock of resources, and some notion of distributive justice is needed to ensure that these resources are shared out to the greatest practicable extent. So there is no 'reconciliation' as such: social justice, as the difference principle succeeds in demonstrating, just is the assumption that equality and efficiency are mutually inclusive and not simply reducible to quantifiable statistics.

So if Rawls provides some answers to the questions asked earlier, why is Ronald Dworkin of relevance? Partly because he is more specifically identifiable as a social democrat than Rawls and partly because he offers a critique of Rawlsian justice which highlights the complexities of distinguishing between endowment-insensitivity and preference-sensitivity. Basically, he accuses Rawls of inadequately compensating the disadvantaged and of not being sufficiently responsive to our ambitions and preferences. Now, in one respect, Dworkin (1985) too has a minimalist definition of liberalism. Liberalism, he says, is concerned with constitutive principles, i.e. those principles that are valued for their own sake and not as a means for the realization of deeper principles. So, the principle that we should treat people as equals is the constitutive principle of equality, while the principle that we should treat people equally is the derivative principle (1985, 181-204). So, at the most basic level liberal equality implies an "abstract right to equal concern and respect" (1977, 181), so that, strictly speaking, liberalism does not permit a society to legitimately help its members achieve some form or other of the good. However, this really only applies to a hypothetical world, whereas in the real world differences in holdings produce forbidden inequalities making some form of redistribution necessary. What might this involve?

Dworkin orientates himself to an economic market, which,

...as a device for setting prices for a vast variety of goods and services, must be at the centre of any attractive theoretical development of equality of resources. (1981, 284)

For only by imagining a market procedure like an auction can we



eliminate envy from our theory of equality. This echoes Rawls's approach (1972, 530-41), though it might be argued that by giving such an emphasis to envy, Rawls and Dworkin surrender to the Right's insistence that envy and egalitarianism go together. In any event, Dworkin imagines an auction on a desert island where everyone has 100 clamshells and are to use these shells to bid for the island's resources. If the auction is free and fair everyone should end up with those resources that they desired and will not, consistently, be able to envy those resources collected by someone else (1981, 285). However, no such auction exists in real life; or, rather, we all start bidding with widely unequal amounts of initial assets - clamshells - allowing the richest to purchase more and better resources than the poorest. By an inequality in initial assets is meant both undeserved social disadvantages and undeserved natural disadvantages. What we should imagine, therefore, is that on our hypothetical island periodic redistributions and fresh auctions take place, this being perfectly consistent with an equality of resources:

It argues only that resources available to him at any one moment must be a function of resources available or consumed by him at others...(1981, 310)

Dworkin, though, is perhaps more pessimistic than Rawls regarding the possibility of reconciling individuals' ambitions with inequalities in initial assets. The "brute fact" is that choice and redistribution do not of themselves ensure distributive justice (1981, 329-30; Kymlicka, 1990, 80-4). At the same time, though, Dworkin is at least more clearly identifiable as a social democrat. Those on the Right, like Nozick, are found guilty of dogma for assuming that equality is only concerned with the quantity of disposable goods. So the market is valuable to the extent that it serves an equality of resources, but must be abandoned or constrained whenever it fails in that task.

So, in this section we have outlined the essentials of social democracy, shown why these essentials are concerned to draw a distinction between endowments and preferences and examined Rawls, and to a lesser extent Dworkin, as demonstrating how such a distinction might be drawn. We now pass on to examine an ideology which is both more recent and more nebulous than either economic liberalism or social democracy: the democratic Left.



#### 4. The Democratic Left

As I noted earlier, with both economic liberalism and social democracy we are able to draw upon a fairly coherent body of theory and analysis so that it is not too difficult to explicate the principal features of those ideologies. With what I am calling the 'democratic Left', however, there is a considerable problem. We should always be suspicious of those who talk the language of crisis and collapse: such analyses are often facile and over-estimate the extent to which there has ever been unity of principle and purpose on the part of the Left. Nevertheless, and with certain exceptions, there has been a diminution in the Left's energy and direction over the last couple of decades. Indeed, disputes extend down to the level of meanings: there is disagreement over what 'the Left' actually signifies and some would go so far as to deny any conceptual relevance to the term whatsoever.

How, then, should we proceed? Should we simply draw upon recent theorists who identify themselves as Left without worrying too much about the wider debates? Should we merely attempt a review of Left parties and movements without too much analysis? Yet both of these approaches might ignore what is specific, and exciting, about the Left dilemma: namely, that dispute over the Left project's future go to the heart of conflicts essential to contemporary philosophy. More than this, those conflicts are only now in the process of emerging into a fully fledged series of political strategies. It is this transformation from philosophy to politics which characterizes democratic Left thought at present and which will inform the accounts of it given in this thesis.

Instead, this section will attempt to do four things. Firstly, it will outline the basic principles which I consider to be at the heart of the emerging democratic Left project. Secondly, it will explain the philosophical conflicts which are essential to democratic Left theorists. Thirdly, my own perspective on those conflicts will be spelt out. Finally, this section will reflect the growing desire to 'go beyond' such high-level debates and flesh out a practical political strategy by anticipating the arguments of chapters 8 to 10.

a) Four Principles

Firstly, the democratic Left seems to offer a critique regarding not so much the nature of power, along the lines of debate pursued by elitists and pluralists, as its direction of flow. The modernist era conceived of power very much in pre-modern terms, as a vertical, hierarchical and unidirectional structure. To be in control, therefore, was to occupy those centres of economic and political decision-making, i.e. the state and the firm, which dominated the more social and civil spheres of human interaction. Those theorists who identify with postmodernist theory invert this representation and conceive of power as 'horizontal', as multiple and contradictory. There are no longer any centres of power since there are only an infinite series of peripheries to be occupied. Control comes through the decoding and subverting of the established codes and not from 'seizing hold of' modernist structures, as Marxists always imagined. The democratic Left, as I would like to present it, somehow combines these conceptions. On the one hand, power is more centralized than ever before. Capital, in all of its institutional forms, commands more and more deliberative influence and capricious force as the hegemony of profit, enterprise, competition, take-overs and asset-stripping insinuates itself into every corner of the globe. Equally, the military and political power of the West is stronger than ever, as demonstrated whenever its interests are under threat - compare Kuwait and Bosnia. On the other hand, power seems to imply a decentralization. Capital reveals far less of a nationalistic face than it used to. The very fact that the capitalistic game is played everywhere means that it is less easy to direct from any particular place on the globe. Growth in the West stagnates as growth in the Third World, China especially, accelerates. Also, individuals feel more able than ever to challenge the claim of companies and governments to do whatever they will. As the nation-state and its political parties are no longer viewed as the only, or even the principal, means through which people may make their voices heard, grass-roots protests are raised against all military, political, economic, patriarchal and industrialized interests. The new politics is an anti-elitism, dedicated to dissolving power rather than to reproducing it.

Secondly, liberty for the democratic Left has something to do with

that new chestnut, empowerment. To empower is not only to establish 'external' forums and opportunities for the realization of individual freedoms; it is also to oppose the passivity and 'culture of victimization' which the old corporatist social order encouraged. Whereas social movements in the past all too easily ossified into the kind of practices and offices which quickly lost touch with the new realities they themselves had helped to bring about, the new social movements appear to be dynamic and restless, reproducing themselves in ever new forms rather than settling into the kind of parliamentary compromises which has stalled the ambitions of organized labour. To empower, then, implies groups and individuals providing themselves with the means to organize. In this respect the democratic Left represents an individualization of means combined with a collectivized vision of social, and usually ecological, ends. To act locally and think globally. To decentralize not in order to abandon the legitimacy of Law, constitution and parliament but, rather, to reclaim them for those who have for too long had to consume the decisions made elsewhere.

Thirdly, and as such, the democratic Left makes room for the enabling state, for the welfare state, but does not see these as the sufficient condition of social justice. Its purpose is to subvert all of the logics which have gone before. The either/or logic of economic liberalism and old-style social democracy with their prevailing emphases upon the market and the state, respectively; but, also, the both/and logic of the new social democracy (NewLabour?) which tends to regard state/market partnerships as the sole objective of a modern socio-economy and which wraps its 'both public and private' logic up in the rhetoric of community. For the democratic Left there is nothing wrong with 'community' as such, focusing as it does upon that sphere of civil society formally neglected by Anglo-American thought, but there is everything wrong with regarding such communities as given, as already formed in some conceptual space to which real people in real civil society must conform. That is to risk transforming the rhetoric of community into another conservatism, often with anti-feminist credentials - the nuclear family with its stay-at-home wife being stressed as the bedrock of a stable society. For the democratic Left - see the next chapter - community and civil society imply endogenous forms of relations which are defined in the process of emergence but which,

because of the protection of guaranteed rights and the provision of material resources for all, are less liable to fragment into the nationalisms of Eastern Europe or the separatist militias of the United States. By looking 'beyond' the state and the market the democratic Left tries to effect a balancing act between the sclerotic universalisms of modernity and the destructive particularisms of (conservative) postmodernity.

So, finally, the politics of the democratic Left is neither social democratic nor Marxist. It emphasizes equality in a material sense since extremes of wealth and poverty are regarded as both immoral and socially unstable. To this extent a class-based politics, with its notion that our identities are principally dependent upon where we stand in the structures of occupation, wealth and income, remains relevant. This is a politics of identity and unity where we conceive of some universal human nature, or essence, as that which is being violated by concentrations of capital ownership. Yet there is also an emphasis upon equality in a non-material sense, such that reductions in wealth extremes do nothing in themselves to combat race and gender discrimination, environmental destruction and so on. The accent here is upon dialogue, the main bearers of which are social movements which do not derive their identities and projects directly from the socio-economic order and who negotiate coalitions and constituencies with other movements and classes rather than finding them lying around ready-to-hand. This is a politics of difference and dislocation where there are no definable social ends, even in an ecological sense.

These, then, are the main principles which define the democratic Left as I see it at this time. They are, I am afraid, inevitably subject to change themselves and we will see why both in this chapter and in those which are to follow. Having outlined them, therefore, it is necessary now to backtrack somewhat and begin to understand the philosophical background out of which the democratic Left politics is beginning to emerge.



## b) Philosophy and Conflict

There is doubt on the democratic Left as to whether we live in an epistemological or post-epistemological age. Those who hold to the former insist that without an epistemological critique we are left without any 'purchase' on the world from which society can be rationally criticized. Those who hold to the latter insist that it is the search for such an 'Archimedean point' which has led the Left astray in the past, inviting all sorts of totalitarian monsters into our midst. These are disputes which we will now address. Before we do so, it should be pointed out that the distinction which I have just drawn could also be thought of as a distinction between humanists who retain some notion of ideology and 'ideology-critique' and post-structuralists who prefer to emphasize discourse and 'discourse-analysis'. This further distinction - which also goes some way to explaining why, in this thesis, I discuss *ideologies* rather than some alternative - is, however, long and rather tangential to our main concern. I have therefore included it as an appendix which may be read in conjunction with what is to follow but which may also be safely read independently and at a later date. So, let us now examine those epistemological debates within the democratic Left which I am suggesting are crucial to its political future.

To be an epistemologist is also to be a representationalist, i.e. someone who believes that the world as it is in-itself is somehow reflected in the concepts and signifiers through which we conceive of and describe it. Post-epistemologists, meanwhile, are also pragmatists like Rorty (1980) who insist that our concepts and descriptions are always made from within our particular contexts.

This dispute between epistemologists or representationalists on the one hand and post-epistemologists or pragmatists on the other can be thought of metaphorically. Imagine a group of people existing on a landscape. They only have vague and conflicting ideas of how they got there. What is more, they are enveloped in a deep mist so that they are barely able to see the landscape upon which they must live. There is a dispute as to the landscape's true shape. Some insist that the terrain is uneven and consists of mountains and hills so that it might be possible for them to grope their way up beyond the mist and so get a clearer idea of where they are. In the past, for sure, there have been false starts and disappointments. Often they have climbed

upwards to find that the mist does not clear to the extent they had expected. But that is no reason not to continue to make the attempt, in the belief that there must somewhere exist a mountain so high that it escapes the mist and so offers a view of the surrounding environment. However, there are others who insist that this is naive. They insist that the terrain is largely flat and sensations of climbing upwards in the past have been delusions bred by a desperate desire for clarity and certainty. On the contrary, where they are is where they *must* be. No overall view of the landscape is possible and no overall view is necessary so long as they learn to live without the need for absolute clarity and certainty. So, rather than yearning after a God's-eye view, the landscape's inhabitants should learn to communicate with each other and work for new ways of describing each other rather than a single, irrefutable True description.

It should be obvious why this metaphor is relevant. Representationalists are those who believe in climbing upwards in order to strive for a greater knowledge of their environment. To them, being content to remain on the plain is a defeatism and a denial of the human project which is to seek better places to be. Indeed, that would be to invite a passivity which would allow society to stagnate in the *status quo*. Anti-representationalists, or pragmatists, are those who say that there is no climbing to be done and that the history of ideas is littered with the ruins of self-delusion. What is more, the strivers after some ultimate and absolute Truth have inspired those who believe that there is only one God, one true religion, one ideal society etc. and have been willing to kill and torture to ensure that everyone else believes it as well. If, instead, we recognize how radically situated in our given contexts we are then we will learn to respect and cultivate both our contexts and those of others with whom will start communicating instead of competing. Rorty is a prime example of someone for whom representationalism is the deluded attempt of humans to become God-like.

Yet why on earth should any of this be relevant to the future of the democratic Left? Because, simply put, the Left now seems to be split between representationalists and pragmatists. On the one hand, there are those who believe and have always believed that the Left only has a future if it can offer some overall view of how the land lies and, subsequently, some proposals for reforming the land so

that it is controlled by, and for the good of, all its inhabitants. If this conception is abandoned then the Left has nothing distinctive to say and becomes just another localized discourse among other localized discourses. This, implicitly, would be to surrender the landscape to the imperatives and objectives of the Right (Geras, 1990 & 1995). On the other hand, pragmatists insist that it is precisely this striving for a God's-eye view which has always crippled the Left project. Marxism, for instance, always embodied this impulse to leap beyond our situated contexts and know the Truth and, in so doing, has helped create some of the most dangerous tyrannies of all time. But if the Left were to lower its sights and become more modest in its appraisal of our environment then its democratic potential would be finally liberated. So that instead of designing some once-and-for-all reform for our socio-economic systems it should take hold of the democratic project, to which it itself has often contributed, and seek to extend democracy into every quarter of the land. Only in this way does the Left have a future (Laclau & Mouffe, 1985).

So, we are left with two seemingly contrasting visions of what the Left is and should try to do, corresponding to two seemingly contrasting visions of what intellectual endeavour consists of in a period of high modernity, or even postmodernity. How are we to proceed? In what follows, I will first take a look at Habermas as an example of a Left representationalist and then at Laclau as an example of a Left pragmatist.

Critics of Habermas generally single out his avowed universalism as the most appropriate target of criticism. But such criticisms tend to be based on a misreading of Habermas's endeavours - a misreading which sometimes seems deliberate. His intersubjective rationality is little more than caricatured if it is regarded as an attempt to resurrect the Enlightenment project of searching for secure foundations for knowledge and inquiry. Indeed, I will argue later on that Habermas's post-metaphysical thought represents the best way forward since it seems to be an attempt to establish a consensus with the more reasonable versions of pragmatism. The real problem is that Habermas is both too much of a Marxist and too much of a liberal. Too Marxist in the sense that he still works with the kind of binary, hierarchical models which characterize the bulk of Marxist theory and too liberal in that he conceives of the self in unitary, fixed, static terms. This leaves his notion of language and



discourse as too inter-subjective in its implications. Both of these aspects hark back to the worst elements of the modernist perspective. On the one hand, an attempt to provide 'total' explanations of human existence by reducing its complex ambiguity to essentialist principles and distinctions. On the other, to treat subjectivity and identity as coherent and transparent elements. Why is this? How has his thought evolved?

It was in the early 1970s that Habermas (1976, 22-40) contrasted the Capital-Labour relations of liberal, nineteenth century capitalism with the corporatism and interventionism of organized, twentieth century capitalism. He concluded that the economic crises which characterized the former have been displaced into other crises within the latter. In short, capitalism could only have survived by allowing a greater amount of state intervention and administrative control. Contradictions persist but are now more likely to be political and social rather than economic and are less likely to have the kind of transformatory potential diagnosed by Marx. As his thought evolved Habermas came to look at the specific forms through which crisis tendencies are manifested. In advanced capitalism legitimacy is based less on localized traditions and more on the steering mechanisms - money, power - of the economic and political sub-systems respectively. This process is what he refers to as the colonization of the lifeworld. This means that our background of norms and understandings are reproduced according to the imperatives of economic and political rationality. The task of a critical theory, then, is to understand the "lines of conflict" along which new "potentials for protest" are emerging (1987, 392). This implies appreciating the significance of social movements, an appreciation threatened by the neo-conservative implications of postmodernism. But why should postmodernism imply the kind of neo-conservatism which threatens the progressive potential of critical theory?

Basically, because Habermas (1990) thinks of modernity as an unfinished project. Certainly, if modernity is taken to imply foundationalism, universalism and rationalism then it has not been an unqualified success. Excessive bureaucracy, commodification, destructive individualism, all examples of the constraining, alienating implications of modernity. But, insists Habermas, modernity has also implied freedom and emancipation and so we should not reject it too quickly lest we risk destroying these progressive



factors also. Yet this is precisely what postmodernism threatens to do. So, Habermas sets out to retrieve what is most stimulating and positive in the modernist tradition - a reflexive, inter-subjective rationalism - and deploy this against the principal postmodernists: Nietzsche, Heidegger, Derrida, Bataille, Foucault. At each stage he tries to show how these theorists depend upon, and even appeal to, the kind of foundationalism which they denounce modernity for embodying, e.g. Heidegger's ontology collapses back into the philosophy of the subject from which he was trying to escape (1990, 151). So Habermas concludes that,

The democratic critique of reason exacts a high price for taking leave of modernity. In the first place, these discourses can and want to give no account of their own position. (1990, 336)

It is this silence, this wilful amnesia, which means that postmodernists may be neo-conservatives in disguise:

It could be that they are merely cloaking their complicity with the venerable tradition of counter-Enlightenment in the garb of post-Enlightenment. (1990, 5)

Habermas's thought, however, is still organized around a dualistic and hierarchical logic. By this I mean the tendency to construct binary oppositions and structure them 'vertically'. The most obvious example in social theory is historical materialism's base/superstructure distinction. Habermas's re-working of critical theory abandons the specific reductionisms of Marx (and Weber) but retains their dualistic, hierarchical logic. The primary distinction he makes between system and lifeworld implies a condition where processes 'out-there' engender pathologies 'in-here'. This has to be the case since otherwise Habermas would have to attribute substantive social integrative functions to money and power, thus threatening the very validity of a system/lifeworld distinction in the first place. This explains why he interprets most social movements as "defensive strategies", where only feminism has "...the impetus of an offensive movement, whereas the other movements have a more defensive character" (1987, 392). This might be true if emancipation is seen in purely external terms - as directed against mediatizing sub-systems - though even this is to

underestimate the socio-economic critique given by ecological thought. But if emancipation is also 'internal' - cultural, aesthetic, symbolic - then Habermas's characterization of social movements is myopic. Social movements, it can be said, decodify the meanings/roles assigned to us by the dominant material culture and re-codify them accordingly. In these terms, the ecological movement is as potentially subversive, and therefore political, as feminism. Habermas gives insufficient attention to 'internal' emancipation because ultimately he sees the subject as that which constitutes discourse, which must therefore be seen as an inter-subjective process, and does not consider that subjects are reciprocally constituted by discourse, which therefore must have intra-subjective implications. Giving attention to both the internal and external aspects of emancipation, without privileging one over the other, would mean looking beyond the kind of simple legal and political reform which now occupies Habermas so much. Indeed, because of this emphasis, and despite his support for feminism, some feminists insist that Habermas's system/lifeworld distinction is gendered through and through (Fraser, 1989, 113-144).

So, referring back to my earlier metaphor, Habermas is an example of someone who believes that attaining an 'overview' of the landscape upon which we stand is both possible and necessary. But, in so doing, Habermas is open to the accusation that he is reproducing the kind of hierarchical logic with which postmodernists charge modernity. However, two things remain to be said. Firstly, Habermas's theory of subjectivity has more recently been given a sophisticated form (1992, 163-204) - this I have not taken account of here. Secondly, he has somewhat modified his approach to the postmodernist critique - this I will return to after taking a look at Laclau.

Ernesto Laclau is an eclectic theorist and not someone who is easy to label. But, in drawing upon the post-structuralist and postmodernist critiques, Laclau is one of those who recommends a politics of conflict, flux, dispersion and dislocation. The significance of his work is in reminding us that if we wish to realize democratic objectives we should abandon any notion that a society can be immutable, stable and transparent to itself. However, Laclau is far less capable of defining those objectives themselves and in motivating us to work towards one set of objectives rather than another. I will deal with each of these points in turn.



For Laclau - and Chantal Mouffe his sometimes collaborator - the social can never be finally and permanently fixed. Fixity is only ever provisional because there is no structure and no identity which is not vulnerable to dislocation. This is because discourse, or the infinite play of differences, is what constitutes identity and since the discursive is multiple, shifting and overdetermined the boundaries of identities overflow themselves constantly. So the politics of identity is the politics of antagonisms where no a priori lines of conflict are conceivable. Like Habermas, they see the significance of social movements but they insist that the identity and role of a social movement are not 'given' but are to be hegemonically articulated in the endless reformulation of contingent relations (1985, 132-7). The value of this approach is in its reminding us that practices which are essentialist and homogenizing either lurch into totalitarianism or lapse into a political pessimism. They are right to insist that a democratic politics has to jettison such practices.

The problem comes when we ask why should anyone commit themselves to radicalism in the first place. Laclau himself raises the question. For if "...emancipation and constitution are part of the same process....Why choose between different types of society?" The answer?

...if the agent who must choose is someone who already has certain beliefs and values then criteria for choice - with all the intrinsic ambiguities that a choice involves - can be formulated. (1990, 83)

But any such formulation will depend upon the beliefs and values which we hold, in which case our belief-system will be substantially reflected in any subsequent criteria. So, the range of options we will face derive from who we already are. Laclau and Mouffe work within and against the Marxist tradition simply because it "...constitutes our own past" (1985, 4). Curiously, then, Laclau combines an abstract analysis of the social as substantially indeterminate with a particularist conception of the self as substantially embedded and situated. We believe and act as we do because we are saturated with the contexts within which we move. Is it possible that for Laclau the 'discursive articulation of the self' is something of a passive process? We need not worry, he seems to



say, that social indeterminacy will be destructively anarchic because we are already constituted out of relatively stable subject-positions. Personally, I have no problem with this in itself - leaving aside whether there is a performative contradiction at work here - but Laclau fails to make a further move and characterize these subject-positions in terms of a political economy because he is scared that this will collapse him back into an economics of essentialism. So he, like Rorty, risks committing the mistake of embracing non-universalism and contextualism so strongly that two things come to the fore: the more conservative aspects of the communitarian critique and a neo-pragmatism which trashes utopian thought as surely as it does essentialism.

So, as these observations make plain, Laclau and Mouffe are not constructing an 'anything goes' philosophy where articulation implies a social stream of mutability and flux with no permanence and stability whatsoever. On the contrary, they define 'nodal points' as partial fixations of the social, or as "privileged discursive points" (1985, 105-13). These points therefore provide a focus for identity and identity-formation. The trouble is that they are so concerned to argue that such points have no metaphysical grounding that they neglect to deal with the way in which nodal points may be historically identified with capitalist institutions (Best & Kellner, 1991, 201-4). So they regard nodal points, too, as multiple and decentred rather than as coalescing around the enduring social structures which are functional to the accumulation of capital. Laclau and Mouffe cannot identify nodal points with the material practices of capitalist institutions for this would be to argue that it is concentrations of economic power which act as constraints on discursive formation and this, in turn, would be to suggest that socialist/working-class politics have a significance over and above their status as an articulatory practice. Not as a world-historical agency along the lines pursued by so much Marxist theory, but simply as a critique which 'got there first'. Not as the centre of all democratic politics but as something which, in its pursuit of social justice and equality, provides a model for more recent political radicalism. This is why, in Part 2, we look at feminism and political ecology partly in terms of market socialism. This will not be to suggest that the Left provides the only home for feminism and political ecology but it might suggest that it provides the best home



given the extent to which global capital is environmentally destructive and overwhelmingly concentrated in male hands. However, this stronger claim is one which I will not be pursuing.

For Laclau and Mouffe, however, any suggestion that there is such a strong, Leftist bond between such critiques and practices is to fall back into essentialist error of mistaking contingency for necessity. But my reply is that this is to over-estimate, and react too strongly against, the prevalence of essentialist politics. Their alternative 'articulatory politics' seems therefore to offer no reason why we should prefer, say, socialist feminism to conservative feminism. I would agree that there are no *a priori* criteria for deciding which is superior, but Laclau and Mouffe offer no grounds at all for preferring one to the other: they simply seem to hand the process over to the articulatory practices deriving from the particular traditions we find ourselves in. So, where I have characterized ideology as a story which we tell ourselves about the world, which implies that the narration can be changed and new stories invented, Laclau has a negative interpretation of ideology, seeing it as a totalizing force: an attempt to 'close' the social, to fix meaning and to freeze discursive play. Ideology, he says, is certainly constitutive of the social and is in any case unavoidable, but it is also something to be resisted (1990, 89-92). On the contrary, I would have us regard ideology as a liberating force, as a means of understanding the world and of projecting new worlds which will be, hopefully, more just than the present one. Laclau's theories capture *how* we debate but not *why* we debate in the first place.

So Laclau tells us how to organize in terms of our objectives, but not why this set of objectives is preferable to that. He lacks, in short, a meta-critique of the social. Accepting a weaker version of his thesis would require us to view socialism as more than simple democratization - by which Laclau seems to mean the questioning of all stability, the dislocating of all fixity. A weaker version would require us to identify those marginalized spaces which, being 'peripheral' to the social order, are therefore currently superior to those capitalist nodal points which lie at the 'centre' (Best & Kellner, 1991, 192-204). The disclosure of society which Laclau champions has yet to occur since it is still a field structured around immobility and fixity. It is not yet an open space of discursive

formations because such openness is not in the best interests of global capital. In short, Laclau describes a future worth working towards, not a present worth preserving.

So, if Habermas is an example of a representationalist who is desirous of a God's-eye view, Laclau is an example of a pragmatist for whom such endeavours are dangerous and futile. If we have reason for being sceptical of both of these positions then where does that leave us and what are the implications for a democratic Left politics?

c) Beyond Pragmatism and Representationalism?

I propose that we be dissatisfied with both of these extremes. At its worst, representationalism does indeed stand accused of imagining that our mental apparatus, our language and so forth, mirror the way things really are such that a God's-eye view of the world is immediately accessible to us. Yet, equally, pragmatism is in danger of collapsing the distinction between the progressive and regressive implications of representationalism. For example, by rejecting the liberal notion of legitimacy Foucault usually failed to distinguish between those forms of power/knowledge which repress and those which offer the potential to liberate since he rejected the capacity of reason to gain some distance from the world in order that such a critical distinction could be made. At the same time, Foucault (1982) is a good example of someone who came to believe that subjectivity and power could be theorized and deployed as a site of resistance rather than experienced as a discursive force.

So most of us, I submit, would attach ourselves to neither of the above extremes to any great extent. In fact, it seems reasonable to regard representationalism and pragmatism as existing along a continuum rather than as implying the kind of either/or mentality often demonstrated by their proponents. This means that we accept that a God's-eye view is chimerical and that, to mix a metaphor with an analogy, the mouth of Plato's cave is something which always recedes from us as we try to approach it. At the same time, we recognize that remaining where we already are - playing around with vocabularies, as Rorty would have it - is also unsatisfactory. Remaining chained to Plato's rock is not an option either. So what we strive to do is attain some kind of *bird's-eye* view of the surrounding landscape while admitting that any view we attain will be partial and

temporary, we always fall back to the earth and must always strive to ascend above it once again. How is this to be effected? In fact, it is effected every day politically. An ideology, as a story we tell ourselves about the world, is the way in which we achieve a partial perspective on the landscape. Neither essentialist politics nor articulatory politics is what I am proposing, but an ideological politics.

Now I am well aware of how unsatisfactory this would appear to many people. Both representationalists and pragmatists might accuse this position of either being incoherent or of rapidly collapsing into one position or another. However, some support for it can be found in the literature. In his 'postmetaphysics' Habermas seems to be attempting to mark out a position which both die-hard modernists and postmodernists would disclaim:

The metaphysical priority of unity above plurality and the contextualistic priority of plurality above unity are secret accomplices....the unity of reason only remains perceptible in the plurality of its voices. (1992, 116-7)

So established discourses and practices can only communicate with each other, along the lines desired by Rorty, if we also assume a wider interpretative horizon without which such communication would quickly malfunction:

...all parties appeal to the common reference point of a possible consensus, even if this reference point is projected in each case from within their own contexts. (1992, 138)

The ideal speech situation is not a concrete reality where communicants debate with each other free of power relations. Rather, it is a reference point which recedes from us even as we make a common appeal to it:

From the possibility of reaching understanding linguistically, we can read off a concept of situated reason that is given voice in validity claims that are both context-dependent and transcendent. (1992, 139)

Far from being opposed to individualism, universalism is the condition of individualism. The unity of reason is the source of the diversity of reason's voices (1992, 140).

Now no doubt some will continue to see this as modernist metaphysics laying claim to the rhetoric, but not the force, of contextualism and pragmatism and, for the most part, Habermas continues to direct his fire against what he calls 'negative metaphysics', which he tries to explain sociologically. Yet, it does represent some attempt to give substance to what we have referred to as an alternative to the either/or of modernism and postmodernism.

Politically, then, the Left should be satisfied neither with those who harken back to the absolutes of representationalism nor those who dissolve the Left project into a discourse which signifies nothing beyond what those who identify with the Left believe. On the former side, we have an essentialist Marxism which believed it had attained a scientific status and spent a century either waiting for the future to drop into its lap or explaining why this had not been so. On the latter side, we have a kind of post-Marxism which has its finger on so many theoretical pulses that it is in danger of leaving the world as it is. The former was too ambitious; the latter is not ambitious enough. The former misunderstood where it was; the latter refuses to understand where it could be if it tried. So as with economic liberalism and social democracy, the democratic Left as I conceive it denotes a complex philosophy, one which eschews the dichotomies of metaphysics vs. anti-metaphysics, representationalism vs. pragmatism, modernism vs. postmodernism. However, economic liberalism and social democracy also imply a political practice whereas, as I indicated at the beginning of this section, the democratic Left is only currently groping its way towards such practice. What might this involve?

#### d) From Philosophy to Politics?

The political practice of the democratic Left, I submit, must concern itself with conceptualizing and evolving the agencies and the institutions which would correspond to the bird's-eye view of which I have spoken. So we will now conclude this section by drawing out some practical implications of the philosophical debates which have been outlined. Let us begin with 'agency'.

As just made plain in the discussion of Laclau, if social justice is our goal then it would be a serious error to imagine that there is a



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The political practice of the democratic Left, I submit, must concern itself with conceptualizing and evolving the agencies and the institutions which would correspond to the bird's-eye view of which I have spoken. Now, in some *small* way - and even this is a presumptuous claim - chapters 8 to 10 of this research thesis are concerned with exactly that. So, to round this section off, we seem justified in anticipating later arguments in order to appreciate the practical implications of these epistemological debates. Let us begin with 'agency'.

As just made plain in the discussion of Laclau, if social justice is our goal then it would be a serious error to imagine that there is a

single agency through which it will be realized. The fault of the Left was always to conceive of the future as being a specific location downstream to which we would be carried through the medium of the working-class. This, as mentioned in the previous section, is a vision that motivated social democrats as much as Marxists. It is a vision that has faded. However, neither should we lurch into the opposite mistake of imagining that there exist no privileged agents of social transformation, for this would lock us into the eternal present of the pragmatist. Women, for instance, are discriminated not only as women but as members of a socio-economic class which has to sell its labour power to survive and which barely survives because the 'purse-strings' are held not only by men but by capital-holders. (To this comes the objection that a wealthy woman faces no clear distinctions as to where her 'real' interests lie and, certainly, in the West female interests are far from being as uncontroversial as the previous sentence might suggest. However, if poverty is indeed being feminized then Laclau et al might be open to the accusation of biasing their articulatory politics not only on an ethnocentric but also on a middle-class perspective.) To ignore the importance of gender constructions would be socialist reductionism and to ignore political economics would be feminist reductionism. As should be plain the democratic Left can be satisfied with neither of these.

So the democratic Left needs to avoid both a politics of pure identity - where practice coalesces around a unitary, world-historical agency - and a politics of pure difference - where there are no privileged agencies whatsoever. Chapters 8 to 10 try to suggest this. Wage-earners remain as agents of transformation given their inferior position in the labour market which breeds both poverty and exploitation for many. Women enter onto the scene, as they have been doing for thirty years, as those most likely to suffer through a labour market still largely dominated by the covert discrimination of men. And, more recently, ecological agents have appeared as those people unhappy with the dominance of the artificial and the cultural in human affairs so that, here too, an economics seems called for. In each case - and in the case of ethnic minorities and gays with which I am not dealing here - a more egalitarian redistribution of resources seems appropriate. Not as the essence of feminism etc., but as its foundation. In other words, this is not to pretend that material redistribution would, of itself, bring about a

non-patriarchal, environmentally benign world. But it would be a step on the right direction. Firstly, because women suffer disproportionately from concentrations of economic power and no ecological society could be established and justified if it were to be economically unjust. A politics of redistribution reflects this. As such, secondly, a recognition of this on the part of both ideologies could form the basis of co-operation and mutuality. And because the Left has material redistribution as a long-standing goal then this gives us some reason to speculate about a three-pronged critique of existing capitalism, i.e. a democratic Left neither social democratic nor Marxist.

So, it is at this point that we pass from consideration of agents to institutions. What are the institutions which would effect such redistribution while avoiding both essentialism and anti-essentialism? There are no satisfactory answers to this at present. In chapters 8 to 10 I attempt to evolve some kind of democratic Left economics by giving feminist and ecological critiques of market socialism in order that the latter - currently the most comprehensive and coherent radical economics available to us - can be modified. However, movements in this direction are tentative and far from secure. Nevertheless, there does seem to be one policy proposal which is, or could be, of common concern to all three: CI. A CI, in the guise of a social dividend, would make some kind of appearance in a market socialist society since it offers a means of effecting common ownership without the kind of heavy-handed state control which has been discredited. It could make an appearance in a non-patriarchal society since it would take the emphasis away from the male-dominated formal sector, there being real doubts as to whether social insurance could ever have the same effect. And CI might be important to the anti-growth strategies of ecologists since it would provide the income which a post-employment, post-industrial society could not generate via jobs and economic growth. Moreover, since CI seems to be of common interest to each of these three 'forks' of the democratic Left it could emerge as a dual instrument: firstly, as a means of allowing these three agencies of social transformation to recognise a common condition, a common goal and, therefore, a common project; secondly, as a means of building up the institutional forums without which the democratic Left will remain as an abstract collection of epistemological debates. Hopefully, such speculation

on my part is not too unreasonable. Some, though, might object that interpreting CI as a lynchpin both of the democratic Left's agencies and institutions is too wishful and ambitious. In any event, this seems as good a time as any to bring this chapter to a close and embark on a discussion of those theoretical debates which provide the foundation for the CI debate.

## 5. Conclusion

Finally, then, our three ideologies have been dealt with in both their philosophical and political presuppositions. Economic liberalism embodies a moral epistemology which would institutionalize the limitations of reason in terms of spontaneous market relations. Social democracy searches for redistributive mechanisms appropriate to the principles of liberal equality. The democratic Left attempts wider social and economic reform in a way consistent with contemporary philosophical debates. The time has come to look at how these ideologies differ in their approaches to citizenship, work and full employment in order that we may, later on, see how and why they approach the kind of social security reform implied by CI. Firstly, though, what do each of these ideologies mean, and would have the rest of us mean, by citizenship?



CITIZENSHIP

1. Introduction

Why is citizenship of such importance to this research? Simply because there are several bases upon which entitlement to social security benefits can be grounded. We might, for instance, prefer to establish market-driven criteria, whereby people are entitled to benefits if they can demonstrate that they are in need and are unable to provide for themselves through no fault of their own. This might imply a system of income-testing - a test of income - and/or means-testing - a test of income and other assets. Or, our criteria might be categorical where provision is dependent upon membership of a particular category. One category might be for those who are recognized as disabled and therefore more disadvantaged than able-bodied people in terms of job opportunities and so forth. A further set of criteria might cover those who are unemployed but who are fit and available for work - with further sub-categories distinguishing between those who are eligible for insurance benefits and those who are not. Now, of course, each of these three bases are present at any one time and it is difficult to imagine that a social security system could be grounded upon one exclusively - though some might disagree, e.g. those wishing to privatize the system in its entirety. In Britain in the mid-1990s we have means-testing in, say, the form of housing benefit, categorical entitlement in the form of disability benefits and contributory benefits like unemployment benefit - with those who have not paid sufficient contributions having to fall back on means-tested Income Support. But even if all social security systems combine all three forms of provision to some degree we may still identify differing welfare regimes where one form is emphasized at the expense of the others (Esping-Anderson, 1990). So, what should our welfare philosophy be? Should we favour greater selectivity or universal categorical and contributory benefits, or something like CI which is not only universal but also unconditional in that it ditches all reference to contributions? Obviously, the

form of provision we favour will depend upon the ideological presumptions we bring to the subject which means, consequently, that our notion of entitlement will in large part derive from our conception of what it is to be a citizen. The citizen who is primarily a bearer of rights will have different entitlements to the citizen who is primarily a bearer of duties and the decision as to which conception we should prefer is an ideological decision through and through. It should be clear, then, why attention to citizenship is of importance to our ideological approach.

As we might expect, these differences tend to reproduce themselves within the CI debate. Economic liberals tend to prefer a NIT which is very much a conditional form of provision which might suggest an interpretation of citizenship which is closely allied to a person's position and status in the labour market. Social democrats are universalists but still concerned to make provision conditional upon the performance of socially-useful activity, as I will show in the chapter on social insurance. This represents a greater degree of scepticism toward the market, so that citizenship embodies some degree of autonomy from the market. The democratic Left tend to favour complete universality and unconditionality, which suggests a notion of citizenship which is considerably alienated from both market and statist criteria and imperatives. So, again, a discussion of this subject seems of immediate relevance.

To begin with I will state a simple definition of citizenship which, while not uncontested, is one which could be accepted by each of the ideologies with which we are dealing. Citizenship, then, refers to *the equal status of all members of civil society*. Now, what happens if we highlight the essential components of this basic definition? *Equal status* would seem to refer to some notion of justice and equality. *Members* refers to those who possess and perform citizenship rights and duties. *Civil society* refers to the 'space' within which such performance occurs. So, in this chapter, I will tease out the ideological differences regarding these components by proceeding through discussions of the following: social justice, rights and duties, civil society. I will then summarize the theories of citizenship implicit within our three ideologies before, finally, spelling out the implications for social security reform and CI.

## 2. Social Justice

But if citizenship implies the equal worth or status of each citizen, what exactly does this mean? I submit that, first and foremost, it must refer to an equal capacity for, and an equal need of, self-respect. The reference to self is somewhat problematic. Obviously, how I stand in my own eyes is somehow interlocked with how I stand in the eyes of others; nor is it easy to disentangle the material from the non-material aspects of self-worth, i.e. my sense of integrity, my very identity, is bound up with my material possessions and concrete achievements - rank and qualifications. Even so, these other components of status are unlikely to be meaningful unless held together by a 'core' of self-respect and esteem. Citizenship requires that self-respect be thought of as antecedent to my actions and interactions. Citizenship gives the self not only its coherence but its sense of coherence.

But self-respect is undermined and eventually destroyed by poverty. I state this bluntly as an assertion that all ideologies accede to. Poor citizens are not full citizens because poverty reflects back to them an image which is vague, distorted, one-dimensional and narrow. The difference comes during considerations of poverty, its nature and occurrence. Economic liberals usually view poverty as an absolute - as not having enough to maintain the most basic subsistence - of which there are very few examples in the industrialized West. Those further to the Left regard poverty as relative to the standards of living of the society in question. To be poor is to suffer a lack of resources such that a normal social existence cannot be led. At that point disagreements begin between those who would regard poverty purely in relative terms (Townsend, 1979, 32) and those who would re-introduce some reference to an 'absolute' (Sen, 1984, 672-3). Furthermore, there are specific ideological differences as to how poverty may be relieved and whether it can ever be fully prevented. Nevertheless, the distinction between absolute and relative poverty is crucial. This is what makes social justice of relevance. The Right, simplistically speaking, regard it as a conceptual error which mistakes the prevalence of poverty and therefore the nature of self-respect and citizenship. The Left, broadly conceived, says that without social justice and an anti-poverty regime then self-respect, and therefore the status of

full citizenship, cannot be extended to all.

As before it is Hayek who offers the most rewarding economic liberal critique. Since, he says, the general welfare refers to the economic, social and legal conditions within which individuals and groups can provide for their own needs,

The idea that government can determine the opportunities for all, and especially that it can ensure that they are the same for all, is therefore in conflict with the whole rationale of a free society. (1976, 9)

A moral system is inseparable from a given social order and our moral obligations in some sense refer to the benefits we derive from that order. This means that our freedom is opaque, an act of trust and moral investment in forces which we cannot control. So only human conduct can be judged as just or unjust. Collective states-of-affairs can be thought of as good or bad, but it is a categorical mistake to regard them as either just or unjust. We can discern rules of just conduct but justice is not assignable to the social, spontaneous order which is the unintended consequence of individuals' actions (1976, 27-38). The mistake the socialist makes is to imagine that justice precedes the law and that the legislator's will precedes justice:

It is an ideology born out of the desire to achieve complete control over the social order...(1976, 53)

Social justice is the product of the mistaken desire to subject everything to design and regularity and is therefore destructive of the very market order which is essential to freedom. True, the benefits and burdens entailed by a market economy would be unjust if such a distribution had been deliberate. But no such deliberative allocation exists in a market order. On the contrary, it is social justice which creates such deliberation and so sends us down the road toward serfdom and totalitarianism (1976, 62-9). Absolute poverty has been abolished, but not by social justice - Hayek recognizes the concept of relative poverty but believes that it is largely benign and unavoidable. Social justice has only ever hindered the abolition of poverty by hindering market mechanisms. Indeed, social justice is often really only a pretext for special interest claims, for as the general wealth has increased the position of some groups has not done



so and might even have worsened. It is they who demand that the market be 'corrected' and market outcomes weighted in their favour. As this occurs, for reasons of political expediency, other social groups demand equivalent treatment until social justice weaves its spell over everything and everyone and the market order is severely threatened (1976, 139-43).

The curiosity is that Hayek seems unable to account for the widespread belief in the meaningfulness and virtuousness of social justice. The moral epistemology I sketched in the previous chapter would seem to suggest that Hayek views the advocates of social justice as misunderstanding the nature of rationality leading them to blame the market order for that for which it cannot be held responsible, a consequence of which is to hand responsibility over to the irresponsible state. This goes along with Hayek's moral anthropology, namely that primitive close-knit societies have recourse to some notion of social justice but advanced, mass societies do not, since their sheer size and complexity means that they can only function according to impersonal rules. On both counts, social justice derives from a category mistake. Yet this sits uneasily with Hayek's acknowledgement that,

There is no reason why in a free society government should not assure to all protection against severe deprivation in the form of an assured minimum income, or a floor below which nobody need descend. To enter into such an insurance...may well be in the interest of all; or it may be felt to be a clear moral duty of all to assist...those who cannot help themselves. So long as such a uniform minimum income is provided outside the market to all those who, for any reason, are unable to earn in the market an adequate maintenance...(1976, 87)

There is little here with which many on the Left would disagree with substantially. So long as provision is agreed upon democratically, whether out of enlightened self-interest or moral duty, and so long as it does not inhibit the market then why not refer to it as social justice? Hayek would not permit this, but then Hayek is restricting the term social justice to a kind of collectivist ethic and does not allow for such provision to have derived from the altruistic desires of individuals. Hayek, in other words, sees second-order desires - my desire to help others - as derivative, as somehow less meaningful than those desires which are geared towards self-interest. But even if we accept that justice does not have a collectivist character,

this does not mean that we have to accept a strict individualism. Indeed, we could combine an anti-collectivism with a kind of socialistic co-operativism, where individuals pool their talents in non-market forms of association and then democratically provide for themselves, as a society, welfare provision based upon the principles of social justice (Wainwright, 1994). By attributing justice solely to self-interested individuals, by regarding history deterministically - as a movement from primitive to modern societies - and by making democracy an instrument of market imperatives Hayek severely misrepresents arguments for social justice.

The problem for advocates of social justice, therefore, is to argue for it as essential to a free society without succumbing to the statism which Hayek criticizes effectively. And yet the Centre-Left often has succumbed to a statism of one form or another and the biggest problem facing social democrats is to detach social justice from statism. In the past it has failed to do so due to a confusion between ends and means. If social justice is taken to refer to that socio-economic condition which enables all individuals to gain some minimal degree of self-respect, then there are diverse ways of attempting to bring these conditions about. For instance, in terms of ownership we could favour a version of Jeffersonian small property-holdings, or an economy of localized co-operatives, or centralized public ownership. But social democrats, broadly conceived, have in practice tended to favour the latter. Co-operatives have rarely been supported by governments and property-holdings have been identified with capitalistic share and home ownership, thus surrendering the debate to the Right. This in itself would not be too bad except that public ownership often came to be regarded as an end-in-itself. Rather than be thought of as an instrument of social justice, social democrats have often considered it to be an inherent principle of social justice. So much is recognized by Blairite modernizers who seek to detach, rightly, social justice from statism. But this statism may, in turn, have had something to do with the excessive faith displayed by many social democrats in economic growth. By seeking to work largely within the parameters set by capital, social democrats have shied away from addressing the form and extent of redistribution which would be required to deliver social justice and, out of electoral expediency or whatever, have insisted that growth would 'deliver the goods'.

The benefits of economic re-structuring could thereby be delivered without having to face too many of the burdens. After the war, growth was seen to have been harmed by pre-war *laissez-faire* capitalism such that planning and interventionism were now required. So if social justice was desirable and growth was necessary then widespread public ownership would reconcile the two. The confusion between means and ends begins here and though the Blairites may successfully detach social justice from statism it is far from clear that they appreciate the necessity of re-conceptualizing exactly what it is we mean by 'growth'.

This confusion of means and ends has had unfortunate consequences, not least for the welfare state. Universal rights were embodied in state provision of education, health and housing but were imperfectly extended to the social security system. Beveridge was far from unusual in imaging that families would receive an adequate income through the full employment to be provided by planning and an ever-growing economy. A social insurance system would therefore provide for *temporary* hardship whenever the labour market faltered. So rather than embodying a right for individuals to have their basic needs met, the system would provide for needs once normal, labour-market provision had broken down. This entailed both a top-heavy welfare bureaucracy to assess when needs were not being met and an over-emphasis upon contribution records which would be accumulated through life-long labour market activity. Now it should be clear, though I will argue the points more fully in Part 2, that even when this system worked as it was supposed to it still discriminated against women, who have traditionally been less active in the labour market and at a disadvantage when they have been earning. Furthermore, growth has not 'delivered the goods', full employment was not maintained and the needs-based justification of the system has suffered accordingly. At the end of this century, we are therefore left with a top-heavy bureaucracy requiring people to operate in social and economic circumstances for which the system was never designed in the first place. So whatever the problems in the other areas of the welfare state, the social security system requires us not only to re-think how it is to be funded, but also to re-think the efficacy of its essential structure. If less faith had been put in growth originally, and the means and the ends of social justice more clearly distinguished, then the current crisis might have been



more manageable. Basically, we face three options if social justice is to be realized in the future. Either we attempt to re-generate economic growth along the lines of post-war strategies, or we address the difficult issues of redistribution, or we do a bit of both by re-conceptualizing what it is we mean by growth.

It is this third option which seems to be favoured by the democratic Left. But whereas economic liberals like Hayek theorize social justice inadequately, and social democrats have underestimated the measures required to realize it, the democratic Left is in danger of asking the concept to do too much. Can 'social' justice be expected to capture all of the various responsibilities which we owe? What responsibilities do I mean?

Firstly, we have responsibilities to the under developed parts of the world: to what extent should the West redistribute material resources to those nations which suffer from widespread absolute poverty? Charity at times of natural disaster is uncontroversial but the affluent nations show a greater reluctance to surrender their high living standards in order to help the poorest. What might be called 'global distributive justice' is therefore in some tension with social justice, e.g. how do we prioritize the needs of the homeless in our cities against the needs of starving Africans, when even the homeless are well-off by comparison (Danielson, 1973; Amdur, 1976-7)? As so often a cop-out is to imagine that growth will solve all since this does not seem consistent with what might be called 'environmental justice'.

So, secondly, environmental justice demands that attention must be paid to animals and non-sentient life-forms, not least because the disappearance of oxygen-generating rain-forests can only exacerbate the build up of greenhouse gases in the atmosphere with horrifying results. Furthermore, it might be that our own humanity is in some sense dependent upon the respect we show for nature, such that unless we recognize our place in a wider community then our own future is threatened. But, again, what has social justice to do with any of this? Can we easily abstract from the concept to learn what we ought to do about pollution, resource-depletion etc? Worse, if social justice is an inherently human-centred, anthropocentric principle then it could be a hindrance more than anything.

Thirdly, we also owe something to future generations, though what exactly? To illustrate the tensions between the various notions of



justice outlined here we will now examine this 'intergenerational justice' in more detail (Goulding, 1972; Goodin, 1985, 170-85).

Derek Parfit refers to a version of the Prisoners' Dilemma. Since each generation suffers from the burdens imposed upon it from the previous, it is in the interest of each to relieve those burdens in such a way that impose burdens on the next, and so forth (1984, 383). A useful, though not entirely accurate analogy, is to imagine an auditorium. The front row cannot see the stage properly and so stands up to get a better view, blocking the view of the second row who are then obliged to stand thus blocking the view of the third row...etc. Finally, we end up with everyone standing but no-one having a better view than before and everyone being uncomfortable. If our generation is the first row to become aware of this, what do we do about it? Do we remain seated and accept the burdens of not doing so? If so, what balance of material wealth, resource conservation and environmental preservation should we hand on? Or, should we stand up and accept that this makes us free-riders on the misfortunes of future generations?

Rawls attempts to answer this question with his 'Just Savings Principle' where, in the Original Position, no-one would know to which generation they belonged so that the difference principle would apply across time also (1972, 287-92). The trouble is that Rawls sees these as *familial* generations so that he is referring to purely intra-state relations. But what do we in the West owe to the next generation of, say, Chinese (Danielson, 1973, 334; Amdur, 1976-7, 452-55)? Rawls does not seem to be able to specify. His theory, though, does serve to remind us of a potential contradiction between global distributive justice and intergenerational justice, i.e. by preserving resources for future generations might we harm those currently starving around the world? Yet if Rawls the Kantian fails, so does Parfit the Utilitarian. He ponders whether a large population with a low standard of living would be better than a smaller population on a higher standard. On the principle of total utility, it would. But then so would an astronomically high population with a living standard barely rising above starvation level. Parfit believes that we need to find a theory which avoids this implication and yet solves what he calls the non-identity problem - which suggests that there is no moral reason for preferring either resource depletion to conservation or vice-versa. Parfit

himself fails to find such a theory, but "...I believe if they tried others could succeed" (1984, 388-90). Could they, or would they regard the attempt as somewhat muddle-headed?

Though Rawls and Parfit throw some light on the difficulties of formulating intergenerational justice, it might be that both 'rights' and 'utility' are too strongly anthropocentric to do the job expected of them. Perhaps we need to work with an ethic which is neither strongly anthropocentric nor strongly biocentric, i.e. nature-centred. This might be some way of reconciling the various notions of justice. The point is, we should be clear how far we have gone past a relatively simple notion of social justice.

What are we left with? A discussion of social justice is important to an examination of citizenship because they both imply perspectives on 'equal status'. Economic liberals treat social justice as a seductive mirage which, by doubting the efficacy of the spontaneous market order, inhibits the equal status of individuals. Social democrats work with some notion of social justice as a desirable objective capable of conferring equal status by attacking poverty. But a combination of political expediency and pragmatism in the past has meant that this objective has not always been pursued effectively. The democratic Left is clearer about the necessity of reconciling social justice, global distributive justice, environmental justice and intergenerational justice but it is precisely the difficulty of doing so which renders their conception of equal status somewhat vague and doubtful. Let us leave this subject as we now take a look at the rights (and duties) of social membership.

### 3. Rights

To be a citizen is to be a social member. Membership implies the possession of rights - leaving it open as to whether these are natural, institutional, or whatever - and the performance of duties. Now, given economic liberals' rejection of social justice as a meaningful concept, they define as legitimate those claims which facilitate, or do not impede, the operation of the market. Those claims which do impede such operation, over and above the prevention of coercion, are not legitimate therefore. Legitimate claims are

then thought of as civil and political rights which imply not only the basic rights of free speech, voting, election etc. but rights of property and of contract. They are, in short, the rights of the individual against the state. Claims to social, economic and industrial rights are illegitimate since they threaten the sovereignty of contractual relations by aggrandizing the state beyond its proper function. Social and economic inequalities are neither good nor bad in themselves, however, they can only be removed by infringing the rights of the individual. Since individual freedom requires an absence of coercion then social rights, which are to be enforced by the state, would inhibit the space of freedom. The responsibility of the state is to implement the rule of law and of just conduct, not to invent and enforce some ideal distributional pattern (Hayek, 1976, 101-6).

All of this should be clear from previous discussions. However, it would be simplistic to read economic liberals merely as inegalitarians. They reject social justice and defend a 'minimal' conception of rights precisely because they see a market order as guaranteeing, not always perfectly, equality of status. For instance, approximately fifteen years before J.S. Mill's *Subjection of Woman* (1889), Herbert Spencer gives a startling defence of women's rights. He argues that to deny such rights would imply grading all rights according to abilities and capacities, i.e. women not having rights because they are thought to be inferior in abilities and capacities to men. But this activity Spencer sees as being unrealizable. If, alternatively, by a right we should mean a right to exercise one's faculties then even if women's faculties are inferior to those of men this would in no way prove that women do not possess rights equal to those of men (Spencer, 1902, 71). In the context of the time Spencer's arguments were bold and unorthodox.

Economic liberals, therefore, do make strong appeals to equality of status. But is this appeal consistent with the social order they simultaneously defend (Pinker, 1971, 27; Miller, 1976, 189-207)? Spencer, for instance, makes a distinction between the liberty to exercise a faculty - a right - and the powers which I possess in the social order. Extreme wealth confers greater powers than does extreme poverty but does not thereby confer more rights. But this quickly leads to a shallow conception of rights - the poor man and the rich man have an equal right to sleep under a bridge and to dine at the

Ritz - and of personal responsibility, i.e. that the poor man has either chosen to sleep under the bridge or has chosen not to exercise the faculties which would enable him to emulate the rich man. So the defence of equal status made by economic liberals depends upon ignoring economic and material conditions, especially those afflicting the worst-off. At their worst, economic liberals come to regard massive inequalities as perfectly just since they are thought of as the outcomes of free choice and, anyway, rights remain possessed in equal measure by all. So whereas in 1850 Spencer attributed the vices of labourers to their poverty - to which the rich and comfortable would be no less susceptible (1902, 96-7) - thirty years later he was writing of poverty as both necessary and curative (1902, 296-7). But are my counter-arguments really fair? Why not make a distinction between rights and powers after all? Why confuse inequality with inequity? Some further light can be thrown on these questions by addressing the relation between rights and duties.

If rights and powers do not overlap then neither, according to the logic of economic liberalism, can duties and powers. Those on low incomes may have to cope with pressures which are alien to the wealthiest in society but that in no way explains why people commit crimes nor excuses their actions when they do so. The duties which we owe to society are equally binding on all, income and wealth differentials being immaterial. Civic, parental and environmental responsibilities are blind to differences in material circumstances. To imagine otherwise would be to invite a widespread abrogation of personal responsibility and an outbreak of civil disorder. Indeed, some on the Right would point to rising crime rates as largely attributable to over-generous welfare regimes. The answer is to slash welfare and hold people more accountable for their actions; or, in other words, to foster the kind of personality which the conservative elements of economic liberalism require, such as respect for authority and acceptance of market outcomes.

But what if this is misguided? The temptation to commit a crime obviously weighs heavier on the person brought up in a slum than on the person brought up in a comfortable suburban home. That is not to excuse crime which is motivated by poverty but it is to explain it - a distinction economic liberals are usually reluctant to make - and social policy may be influenced accordingly. Another distinction which economic liberals rarely make is that between negative and



positive duties. The former are non-voluntary and are, indeed, binding on all as a condition of citizenship. They refer to the obligations we owe to others' rights of non-interference, i.e. a right not to be threatened, harmed, slandered and insulted. Positive duties, meanwhile, are voluntary and refer to those obligations we feel we owe to others as human beings who may need our assistance or help. If I refuse to give directions to a stranger, or money to a charity, then I am not violating my negative duties as a citizen but I may, depending upon the circumstances, be violating my positive duties. Indeed, at several points throughout this research I will argue that it is incoherent to base the performance of positive duties on any form of coercion or sanction. Here, I simply want to suggest that without some approximation of social justice, without social and economic conditions which reflect the equal status of all, then it is highly unlikely that many will admit the desirability of positive duties and the necessity of negative duties. In contemporary society it may be that the poor should be seen to possess greater rights and fewer responsibilities than the rich. To correlate rights and duties exactly and to ignore degrees of responsibility, on the basis that this is to foster social dependency, is to make citizenship both formal and abstract in the legal sphere as well as repressive and draconian in the social policy sphere. Some on the Right would evade such counter-arguments by accepting that, in any event, social rights are here to stay, i.e. they may be eroded but not eliminated (King, 1987, 164). But this is hardly comforting and social democrats are concerned to theorize social rights as essential to full citizenship. As an example of such thinking, let us look at T.H. Marshall.

Marshall's objective is to understand when economic inequality is and is not legitimate. He views the drive to greater equality as the final phase in the evolution of citizenship, though there are limits beyond which that drive should not be allowed to pass, i.e. when free choice and differences in talents are threatened. Only with the welfare state have civil, political and social rights - to economic welfare and security - come abreast of one another (1963, 73-5). Civil rights largely developed in the eighteenth century, political rights in the nineteenth and social rights in the twentieth. Some overlap did occur: for instance, social rights made an early appearance under the Speenhamland system but were severely curtailed

with the 1834 Poor Law since welfare provision would now only be made through the surrender of full citizenship by entry into a workhouse. Though representing decisive steps forward, education reform and the Factory acts also decoupled social rights from citizenship (1963, 76-85). The welfare state, however, has synthesized citizenship with social rights at last. The equality of citizenship which has resulted has undermined class inequality but not social inequality which, when suitably flexible, acts as an incentive to effort. So social rights give a substantial content to the formalism of civil and political rights by providing a universal right to real income which is not proportionate to the market-value of the claimant (1963, 88-100). They detach status from contract. Marshall does, however, see a basic conflict between social rights and market value which remains unresolved; even so, he objects to activity, such as that sometimes carried out by trade unions, which accept the benefits of having market contracts pushed to one side but do not recognize the accompanying obligations of citizenship (1963, 115-21).

Numerous responses to Marshall's ideas have been made. B.S. Turner (1986) argues that Marshall's account of the development of citizenship is too focused on the Western democracies and ignores causal factors such as war and migration. J.M. Barbalet (1988, 11-23) sees Marshall as working with a conception of class which takes into account the cultural identity of class-members but not that class's objective situation in the productive process. This is to miss the extent to which social rights actually preserve class inequality and domination by not addressing concentrations of economic and social power. This means that the welfare state has not realized social justice as effectively as Marshall thought (Barbalet, 1988, 64-8). Tony Giddens (1982, 171-8) sees Marshall as having underestimated the extent to which the working-class had to struggle for citizenship rights since he gives something of a whig interpretation of historical progression. Since such rights are sites of both freedom and conflict then the welfare state is neither an unqualified triumph nor a device for diverting revolutionary activity. David Held (1989, 193-206), finally, believes that Marshall's analysis is more subtle than many of his critics have allowed for. Yes, he misreads the multi-dimensional roots of citizenship rights but falling back onto a simple class analysis, of which Giddens is guilty, is no solution.

My own response is to agree with Barbalet and Giddens regarding Marshall's over-optimistic and rather complacent assessment of the welfare state. What if the welfare state has been only a partial realization of the social rights of citizenship? As I said in the previous section, this could be partially attributed to the emphasis which post-war social democrats gave to the state for, whatever the historical rationale of erecting a centralized apparatus to administer welfare provision, experience suggests that the state is not only a necessary condition of social rights but can also be a threat to them (Pierson, 1991, 202). On the one hand, the state can achieve what private and voluntary provision can only dream about and health services both here and abroad are testaments to this. Yet, on the other hand, the state's bureaucratic apparatus and institutionalized procedures often reduce citizens to the status of claimants, contradicting the citizenship ethic which Marshall et al see the welfare state as embodying.

But why should this be? Why give such an emphasis to state administration of welfare provision? As before, I suggest that this emphasis goes hand in hand with that given to the state management of the economy, the state being seen as equally efficacious in both spheres. Experience of the war, and memories of the 1930s, implied that this was so. What is more, if the state could run an economy at full capacity then there was little reason to think of social security as anything more than supplementary provision. Full employment was seen as the principal mechanism through which a right to a minimum income would be guaranteed, in which case both unemployment benefits and social assistance could be regarded as secondary mechanisms. This meant that entitlement could be based on demonstrable need without too much controversy. But as unemployment rose then, obviously, more and more people became subject to the conditions laid down for benefit receipt; and as, consequently, welfare spending increases so pressure grows for such conditions to become more stringent. So, the measures introduced by post-1979 administrations have not only been politically-motivated but have been partially inspired by the logic of a system no longer able to cope with circumstances for which it was not designed. Claiming such benefits, therefore, is an activity ever more subject to surveillance and penalties for non-compliance. A social democratic government is unlikely to improve this substantially unless full

employment can be resurrected and/or serious social security reform can be initiated.

In a way, then, both social democratic and Marxist interpretations of the welfare state are correct. Rights have been streamed towards the poorest through capitalism being given a human face; yet the flow of rights has also been stanchied because only revision of capitalistic economics was ever really contemplated. The welfare state was the archetypal compromise between a capitalism sensing its own demise and a socialism fearing its own emergence. A modest role for benefits could be proposed because full employment would do the job as provided by Keynesian demand management. With social security, the state's function has magnified as those falling onto the safety-net have multiplied.

Marshall, though, lived only through the more positive aspects of the welfare state's emergence and so is unremarkable in the premature euphoria he often demonstrates. In 1972, for instance, Marshall observes that,

...no way has been found of equating a man's value in the market (capitalist value), his value as a citizen (democratic value) and his value for himself (welfare value). (1981, 119)

This, however, is not seen as being fatal to the welfare project. A capitalist backlash is possible, but of minor importance. By 1980 Marshall had become far less sanguine, far less supportative of social insurance and more aware of the persistence of poverty and virulent anti-welfare feeling (1981, 132). Now, the danger for social democracy in the future is that it may synthesize, but not go beyond, such extremes of optimism and pessimism. For instance, in 1965 Marshall had written of the reciprocity of rights and duties such that since social rights had been fully established, then greater emphasis had to be given to social duties - this leads him to make incredibly facile pronouncements on health, disability, (1981, 91-2) and trade unions and it is not clear whether his views changed once he was less confident regarding the establishment of social rights. There is a danger that rather than renew the attempt to establish social rights, social democrats will partly accept the critique of economic liberals and search for individualistic solutions which consist in stressing the duties of the citizen to overcome dependency without even the cursory glance which post-war



social democrats gave to the welfare state's economic environment. This would mean that instead of regarding the goods associated with social justice and equal status as public goods, they are regarded as club goods to be distributed once proof of social membership, through the performance of prescribed duties, has been demonstrated. The present reluctance of mainstream social democrats to talk of full employment and widespread economic reform is evidence of such a possibility. In this scheme of things 'benefits' might come to take on the kind of pejorative meaning reserved for 'welfare' in the U.S.A., instead of being thought of as integral to social membership itself.

Still, whether social democracy has the moral and intellectual resources to re-design the welfare state in such a way that it is able to embody social rights more fully than ever before is obviously something which no-one can say for certain at present. We can, however, identify those issues which have to be addressed if such an objective is to ever come about. For instance, can a future welfare state be made more consistent with ecological imperatives? Can the 'growth is good' ethic of industrialization and productivism be made consistent with capitalistic reformism? What do social rights have to do with our membership of the earth? Similarly, the welfare state has often been criticized for its lack of feminist credentials. The treatment of women as dependents has contributed to the feminization of poverty. Are social rights rights which are capable of incorporating the needs of women, or are they inherently gendered concepts so that we are required to design entirely new categories?

The democratic Left as I am characterizing it, i.e. as giving equal concern to social movements and to class, could be seen as addressing such questions more seriously than social democracy since the latter's pragmatism has come to overwhelm its once visionary enthusiasm. For reasons of space, though, we will here look only at the feminist angle - again stressing that these are not *democratic* Left critiques but *feminist* critiques to which the democratic Left must pay attention. So the question is can social rights conceptually accommodate the needs and interests of women or will we have to formulate categories 'beyond' citizenship?

There are examples of feminist critique which challenge the discourse of rights. Sarah Benton (1991) has observed that a non-citizen can be thought of as someone who has been exiled or as someone

who was never admitted in the first place. Women *en masse* have fallen into the latter camp such that citizenship has been a subtle means of distinguishing man/citizen (good) from woman/citizen (bad). Men have clung to the status and insecurities of public life, held in line by a fear of exile. Women have been confined to the private sphere in order that men may avoid such a fate themselves. The private sphere has always been the space of exile so that to confine women to this space has been the way in which men have exerted their domination:

Violence towards women was the accepted background clutter of all civil societies. (Benton, 1991, 154-62)

However, by characterizing the personal as political, by demanding state intervention into the private, e.g. by making rape of wives by their husbands illegal, and by claiming rights, women have begun to change the rules. Even so, since rights originate in the male-dominated public sphere Benton doubts whether the discourse of rights can articulate the specificity of women's interests. And if rights are inherently gendered, why not 'citizenship' itself? Indeed, one of the obstacles in the way of a free construction of female identity is this concern to assimilate female-ness to a masculine citizenship ethic.

This gendering of citizenship occurs because citizenship refers to equality and rationality which, far from being universals, are in truth concepts and qualities which express the masculine way of looking at the world. This is to exclude the more emotive and affective ways of looking at the world which are consistent with a feminine perspective. This is what Anne Phillips (1991a) calls 'gendered substitution'. What feminist theorists have done is to insist that a simple egalitarianism requires that women surrender what is specific to them: the objective of equality with men implies that women must imitate and duplicate male characteristics. Citizenship, therefore, does not capture the 'differences' which have been emphasized by feminist thought to ensure that 'woman' remains something unique and distinct from 'man'. Nevertheless, Phillips, unlike Benton, would not have women abandon the citizenship ethic altogether, both equality and difference must be stressed and there are similarities as well as differences between

the male and female perspectives. So we should not aspire to dissolve the public/private distinction but to politicize them both (Phillips, 1991a, 77-85). Gender will not be emphasized by junking the political, rather, democracy itself must be gendered and this, in turn, is only a means to a world where humanity, not gender, is the most meaningful point of reference (Phillips, 1991b, 6-8).

Modern feminism, in short, seems to offer no substantial examples of critiques which would simply accept the citizenship ethic as unproblematic from women's point of view. The real controversy, as above, is between those who would abandon citizenship totally as essentially patriarchal and those who insist that this abandonment would itself be a surrender to patriarchal assumptions. Here, I am going to assume that the latter interpretation is correct since even the most consistent 'difference theorists' seem to allow for the efficacy of universalism, equality etc. (Whitford, 1991, 123-5). If this is a reasonable assumption then what of rights?

Jean Bethke Elshtain (1981, 343) is someone who would identify women's rights with the maternal, private sphere since to pretend otherwise would be to consolidate the public sphere's tendency to be parasitical upon the private. But Mary Dietz (1985) opposes this because it would be to identify women uniquely with the maternal impulse which might not be conducive to a democratic politics. A good mother may be a good citizen but the former does not entail the latter; citizenship may imply friendship and mutual respect, but not intimacy. In short, we must talk of public rights if the political is to be feminized (Dietz, 1985, 20-33). Now, liberal feminists are broadly satisfied with the current set of rights since civil, political and social rights are thought capable of encompassing women's interests and needs. Socialist and Marxist feminists have adopted an ambiguous attitude. Do rights express the emancipatory instinct or are they shot through with capitalist, individualistic imperatives? (Radical feminists have often adopted an hostility towards rights which I am here assuming is misplaced.) Yet even where conventional rights are being accepted, their meanings are re-defined to accommodate the feminist perspective, e.g. Andrea Dworkin would have us regard pornography as a violation of women's civil rights. So perhaps we can suggest that feminists should work both according to the agenda implied by established rights, while simultaneously working to design a new feminized agenda which

requires a new vocabulary. For instance, women's reproductive capacity could be regarded as both as a social right and as a differential reproductive right without having to be located exclusively in the one or the other. So Iris Marion Young (1989, 267-9) insists that essential differences between men and women must both be stressed, to avoid absorbing 'female' within 'male', and denied, so that a progressive politics can thrive on the site of the existing public sphere. This is to work within and against the established order and is why I believe that feminism offers a model which the democratic Left must adopt and through which it must come to define itself.

My view, therefore, accords with Pateman's (1989, 184 & 196). Since the history of the citizenship guaranteed by the welfare state is bound up with a productivist, employment-based society, Marshall et al were heralding a new public world at the very time that women were being re-confirmed as lesser citizens. In response, women have both demanded that citizenship as presently conceived be extended to them, but they have also insisted that they possess capacities and needs which require a 'differentiated citizenship'. Neither, on its own, would be sufficient. In terms of social policy, therefore, this requires both a claim for existing social rights and a demand that we re-conceptualize the welfare state in such a way that it is no longer associated so closely with the employment-based society, this being necessary if women's differences are to be permitted space to subsist and evolve. We will return to these themes in chapter 10.

How is this section to be summarized? Economic liberals regard civil and political rights as sufficient to guarantee the membership of the social order which is required for the equal status of all. But this is to ignore social and material conditions and the influences which they have on citizenship status. Social democrats do give attention to such conditions and so theorize a realm of social rights which are to correct for income and wealth differentials. However, it is far from clear whether the welfare state has embodied such rights. The feminist perspective, in large part, would seem to embrace the vocabulary of rights, while setting them in a context which twists and weaves that vocabulary into new shapes. This is a strategy which the democratic Left should adopt but how this strategy can be translated into practical social policy is far from clear. We will leave the subject for now, though in the next chapter I will



outline a set of economic rights to which both social democrats and the democratic Left could and should give support.

#### 4. Civil Society

The definition which I have been working on the basis of referred to citizenship as the equal status of all members of a civil society. Why talk of civil society, though? Because I want to represent civil society as the space of particular communities, of the associations which we inhabit and of which we are members. But what is meant by a 'particular community'? Do we mean something unitary or diverse, stable or mutable, closed or open, backward-looking or forward-looking? We are not going to attempt to answer these questions as such since the nature of a community is partly dependent upon the space within which that community emerges. We are therefore going to discuss civil society as such a *communal space*, and as a space whose meaning and significance alter as we subject it to ideological distinctions.

The classical model of civil society, which conceives of a simple distinction between state and civil society, emerged in the nineteenth century. In many respects it was a model which was to replace the *societas civitas* of hierarchical feudalism and was given systematic analysis by Hegel (1967) and Marx (1975). Their treatment of civil society is remarkably similar even if they give divergent accounts of its political context. Both regard it as having subsumed the household and so as having taken over the household's economic function, i.e. production. Civil society then expresses both a system of needs and the means to their satisfaction and it is in terms of this sphere that the rights of man were first formulated. So for both Hegel and Marx these are the rights of egoistic man striving to satisfy his bourgeois needs through the acquisition and transfer of private property within a system of exchange relations. Both see property as the main determinant of nineteenth century citizenship, but both then give differing accounts of the nature and function of the state in relation to property.

In many respects, the political thought of the last century and a half can be understood as an attempt to interpret and modify this state/civil society distinction. Economic liberals, obviously,

wish to 'minimalize' the state sphere and emphasize what they see as the spontaneous order of a free society. In Hayek's (1973, 32-51) scheme of things civil society is the open co-ordination of organizations and individuals around multiple nuclei. Each of us belong to several, overlapping communities with government keeping this space plural and non-coercive by enforcing the just rules of conduct. The state is conceived as one organization among many. Commands and interventions may be appropriate to an organization's internal operations but invite disaster if used to co-ordinate organizations externally. On this reading, the state is conceived not as a distinct sphere but as incorporated into civil society. So Hayek's civil society is the co-ordination of private individuals, families and organizations through the *public* rules of just conduct with the *political* relegated to the state's internal operations.

Having subverted the state/civil society distinction Hayek is left with his concept of a spontaneous order. This spontaneity, he insists, has been crippled by "false economists" who believed, erroneously, that early capitalism brought a decline in the living standards of the working-class. Yet,

...as a result of the growth of free markets, the reward of manual labour has during the past 150 years experienced an increase unknown in any earlier period of history. (1973, 68)

The logic of Hayek's position must lead him to believe that were it not for the interferences of the state and of organized labour then those living standards would have been even higher! This is a convenient proposition, immune to either verification or falsification. The extent to which state intervention and labour struggles were efficacious can be debated, but to argue that they were actually detrimental is to convert the present into a dystopia which an 'I-told-you-so philosopher' like Hayek can frown at with impunity and without evidence. Perhaps we should take a leaf out of Popper's book and insist that Hayek's vision of a hypothetical Golden Age, i.e. empty of false economists, is no more meaningful than Marx's vision of a future one.

In his spontaneous order Hayek (1973, 88-90) also allows for substantial revision to the law and the rules it prescribes, should general principles of justice reveal those rules to be unjust. But

exactly how may such rules be identified and revised? Surely this can only be done by contrasting the particular rules in question with an ideal, non-malfunctioning spontaneous order (1973, 17). Yet how is such a contrast to be effected? Hayek cannot allow a legislative body, in a political sphere separate from the spontaneous order, to perform this contrast since this would be to resurrect both the rationalistic state and the state/civil society distinction which he is trying to jettison. So if Hayek cannot allow for a distinct political sphere then the contrast of the malfunctioning rules with an ideal order can only occur from within the space of the existing spontaneous order itself. This raises the suspicion that the projected ideal would merely be a duplication of the existing order, that the general principles of justice to which Hayek refers are nothing more than expressions of the existing way of doing things and that, consequently, unjust rules could never be identified accurately or revised effectively. This suspicion is raised because Hayek appears to be guilty of a performative contradiction. On the one hand, he is abandoning any reference to a distinct, political sphere from which the spontaneous order can be assessed according to the general principles of justice. Yet, on the other, he is dismissing the possibility that 'false economists' are themselves consistent with the spontaneous order, i.e. he regards them as a distortion of spontaneous growth rather than as a logical consequence of it. By doing so Hayek is appealing to the very distinct political sphere which he denies exists, for upon what other basis may certain economists (socialist ones) be denounced as 'false'? He seems perfectly happy to occupy that sphere himself in order to identify and denounce such false economists. Indeed, Hayek can only deny the state a privileged position by occupying that political space himself. In short, his apparently non-political defence of the spontaneous order is shot through with politicized assumptions. He seems to be saying that the spontaneous order is as close to justice as we will ever get and that false, socialistic economists have little to contribute. This is another reason for pegging economic liberalism as shot through with a conservatism whose principles of justice would serve, rather than rule, the so-called spontaneities of a market economy. So, to summarize. Hayek allows for the revision of malfunctioning rules and laws though, in order to do so, we cannot refer to a distinct political sphere. He then denies

that 'false economists' have anything to contribute to that process of revision, as an assertion he can only make by appealing to the very political sphere - populated by economic liberals like himself - which he has already disowned!

The civil society of economic liberalism consists, therefore, of 'privatized' entities - individuals, families and organizations. These entities are co-ordinated externally according to market imperatives which imply an absolute mobility of capital and labour. Internally, these entities are structured hierarchically, with fixed systems of responsibilities and chains of command - whether this be the male-headed nuclear family or the management-headed firm. It is the reconciliation of the free mobility of external relations with the restrictive immobility of internal relations which constitutes the bulk of economic liberalism which, as we saw in the previous chapter, has a conservative disposition also and which finds its fullest expression in the 'spontaneous' order of civil society.

While the Right have tended to equate civil society with laissez-faire market relations, the Centre-Left have reacted against any such equation. As such, social democracy has sought to detach civil society from pure market relations and re-align it according to the principles of social justice. The social rights of citizenship demand that a minimum provision be set in health, education, income etc. and be realized through a welfare state. However, as I have been arguing, social democracy has accommodated itself ever more closely to capitalistic imperatives - partly explained by the fact that social democracy has itself effected great changes in the nature of capitalism - and, in doing so, often betrays a commitment to economic growth and productivism which rivals that of economic liberalism. Indeed, in the next chapter I will argue that both it and economic liberalism share in what I will call an 'employment ethic'. So the re-alignment of civil society has been modest given social democracy's fidelity to the formal labour market. For this reason, and because in the nineteenth century its efficacy was being proven in various spheres, the state was regarded as the principal agent of re-alignment. So the possibility of re-defining civil society as a sphere relatively autonomous of both market economics and of the political/legal sphere was never really considered - not by the Centre-Left establishment at any rate. Civil society therefore



became little more than a humanized version of the economic liberal alternative, a residue of the economic and of the political. In embodying a productivist, growth-oriented and male-oriented ethos the welfare state institutionalized this lack of distinctness and autonomy.

In giving an account of this civil society T.H. Green is a good place to begin since the New Liberals anticipated so much of twentieth century social democracy (Ritchie, 1891; Hobhouse, 1922, 74-7; Freedman, 1978; Vincent & Plant, 1984, 28-32). Green complained that society had yet to embody its abstract principles in any kind of institutional form. It prohibited slavery but did not promote self-development:

Civil society may be, and is, founded on the idea of there being a common good but the idea in relation to the less favoured members of society is in effect unrealized, and it is unrealized because the good is being sought in objects which admit of being competed for. They are of such a kind that they cannot be equally attained by all. (1884, 263)

Unless the objects at which we are to aim are the objects of character - which each of us can achieve only if all of us do - then social life becomes a place of hostility and of destitution for the weakest. For Green, the progress of mankind depends upon recognizing virtues as ends-in-themselves, the welfare of persons being an element integral to the social good. The rights of all requires the realization of an equality of conditions (1884, 264-5).

It was this equality of conditions that Marshall considered had been realized by the post-war welfare state. By being guaranteed protection against market fluctuations, each person's integrity could be kept in view (1981, 52-62). Welfare provision was the mechanism,

...by which the individual is absorbed into society (not isolated from it) and simultaneously draws upon and contributes to its collective welfare. (1981, 91)

This, as argued above, represents an over-estimation of the efficacy of the welfare state and one of the reasons for this is that the welfare state was founded in terms of a civil society which was very much conceived only as an appendage to the economic and political spheres. There are two consequences to this. Firstly, social

democrats defined social rights largely as rights within the labour market rather than as rights against it. Social rights within the labour market refer to unionization, improvements in working conditions and working hours and, undoubtedly, much progress was made in these and other areas. Yet it is debatable to what extent freedom within the labour market can be achieved while freedom to exist outside of the labour market is severely curtailed. Apart from categorical benefits most benefits are conditional upon labour market activity so that those who have to exist outside the market, and those who want to, have very few options open to them. Furthermore, if organized labour is ultimately dependent upon the formal economy then the social rights it does aim to realise may be severely hampered. For instance, a strike is less of an effective weapon if the resources for striking workers are going to be few and far between; also, a strike is going to be less of an effective threat if employers know this. In short, social rights within the labour market do not, on their own, equalize relations between capital and labour. Furthermore, since civil society has been as dependent upon the state as upon the economy then it has been shot through with political-administrative coercion. The welfare state has very much been a centralized, bureaucratic enterprise where, even at its best, the benefits system has resembled the doling out of alms by a beneficent state. Because of this rather 'minimalist' conception of civil society the social rights of citizenship have been more conditional for some - poorer workers, unemployed, women - than for others - skilled workers, middle-class. If so, to what extent can this be referred to as a realization of social justice?

The second notable consequence, of the social democratic civil society lacking any degree of relative autonomy, is that economic liberals have continued to occupy the intellectual high-ground, even when social democracy was at its strongest. The Right have always argued that socialism - whatever they mean by that - puts us on the road to serfdom. This argument finally had an impact in the context of the economic crises of the 1970s. Given that civil society continued to be dependent upon the formal economy, when the labour market began to falter the political sphere, more often than not, was called upon to take up the slack. For instance, public sector expansion was one favoured way of mopping up increasing unemployment. But, whatever its effectiveness, this gave grist to

the Right's mill: namely, that excessive public spending was sapping economic investment and personal initiative. On their world-view, civil society and the free market was being inexorably absorbed by the state and so threatened by the spectre of totalitarianism. This may have been alarmist nonsense but social democracy was unable to make an adequate response given that it, too, remained committed to the formal labour market, the only conceivable alternative to which was the state. As a result, the Right captured the initiative and has re-asserted the nineteenth century notion of civil society as being equivalent to *laissez-faire* market relations. It might be wishful thinking on my part, but if the welfare state had embodied a civil society which was relatively autonomous of the economic and political spheres then perhaps it would have been less vulnerable to the international, economic shocks of the 1970s and so would have offered less of a target to the Right. In certain respects, the purpose of chapters 8-10 is to show that a social dividend might be a means of bringing such autonomy about.

In summary: social democracy failed to offer much of an alternative to economic liberalism so far as civil society is concerned. It conceived of a greater role for the the public sphere and the state but often as little more than a handmaiden of economic relations and the 'privatized' agencies contained therein. Civil society, on this reading, became a stadium within which market forces could be umpired by an all-knowing state, rather than an arena within which non-economic and non-market relations can emerge and flourish.

It may be that we are therefore faced with two possible futures. On the one hand, the process whereby civil society is increasingly equated with market imperatives continues, with all of the social and economic consequences that implies. On the other, the relative autonomy of civil society becomes a prime political objective. What we have here characterized as the social democratic conception of a civil society, as the residue of economic and political exchange, might be regarded as a means to this relative autonomy but is not, on its own, a viable alternative given that we are passing from a national, organized phase of capitalism to an international, disorganized phase (Lash & Urry, 1987). Indeed, if the negative implications of globalization are to be resisted a re-vitalized civil society may be a prerequisite. For instance, if we are under

increasing danger from ecological threats then we need not only international co-operation, over carbon dioxide emissions etc., but also localized economies which put less strain on national infrastructures. Ways of encouraging greater self-reliance at the level of civil society are therefore required. This implies an ethos which is pro-public and pro-political without putting undue emphasis on the state. Recent social democratic thought has begun to fulfil these criteria. But a 'relative autonomy' may require not just an ethos which rejects *laissez-faire* economics but one which challenges the broader dominance of capital. So, I here characterize the democratic Left as embodying such an ethos. What, though, is meant by relative autonomy?

David Held (1984) sees both liberalism and Marxism as having shared a similar commitment to the principle of autonomy. No such autonomy, however, is likely to come about unless we are sceptical towards the over-centralizations of both economic and political power. Yet Marxism has only been sensitive to the dangers of the former and liberalism to the dangers of the latter. An autonomous civil society requires us to reform and restrict state power while re-differentiating civil society by, firstly, equalizing the power of all citizens through curtailment of both capitalistic and patriarchal state institutions and, secondly, co-ordinating and regulating social life (Held, 1984, 231-6; 1987, 281).

Following Held (1984, 238) we could define a civil society of autonomy, or what I would prefer to call 'relative autonomy', as consisting of:

- 1) Socio-cultural life: a plural and diverse space of households, cultural institutions, community services etc. organized according to the principles of direct democracy;
- 2) Economic life: self-managed enterprises co-operatively owned by workers and a small-scale private sector.

This requires in addition:

- 3) State and government institutions: a central parliament and senate elected via proportional representation, with local councils and administrative services at both local and national level.

Now this is all very well, but what it is crucial to understand is that this attempt to decentralize economic and political power has been the century-old project of social democracy. The trouble is, as I have argued, that social democracy's increasing allegiance to



capitalist imperatives has done little to dent centralized economic power and has re-affirmed centralized political power through such means as nationalization and state-administered welfare. It is precisely this allegiance which has only produced a minimalist, negativist, residual civil society. If, therefore, civil society is to be relatively autonomous then we need to learn from the mistakes of social democracy. A 'liberal vs. Marxist' dichotomy is much too simplistic.

So, by a relatively autonomous civil society I refer to a *communal space which is defined not according to the logic and objectives of the economic and political spheres but to the projects - individual and associative - of its members.* In short, the economic and political spheres become the means, and not the ends, of civic activity. So, an economy of self-managed enterprises may be desirable - see chapter 8 - but this requires us to decentralize economic power and resources beyond anything contemplated by social democracy - and therefore raises the question as to whether this is possible without the very widespread state intervention which could contradict the whole project of relative autonomy. Also, since self-managed co-operatives might easily perpetuate the productivist and patriarchal assumptions of both *laissez-faire* economics and of statism then a relatively autonomous civil society would need to be both pro-ecological and pro-feminist. This is why in the previous section we questioned whether 'social rights' are sufficient to do the job expected of them. Perhaps we need to define a set of economic rights the purpose of which would be to guarantee freedom both within and against the formal economy - see next chapter. So rather than interpret civil society as a space which, as it were, buttresses the formal economy, we come to see the formal economy as that which enables a relatively autonomous civil society to exist. Rather than regarding wage-earning activity in the labour market as the ideal which we should all emulate, the objective would be to facilitate the greatest possible mobility between the formal and informal economies such that self-defining communities and self-administering associations are given a greater room to breathe than at present. On this interpretation, civil society ceases to be a private 'entrance' to public economic and political activity; instead, the economic and political spheres become the conditions of civic activity, with all spheres having their private and public aspects. The citizen is

conceived, then, not as a version of economic man nor simply as a political agent - indeed, in the emphasis which both conservatives and social democrats have given to the perfectionist elements of welfare provision each has come close to idealizing the active citizen of republican thought. Instead, citizenship itself comes to be regarded as an open space whose purpose is not to discover and live according to some pre-defined role but to reflexively define its roles as an act of self-creation. The civil society which is relatively autonomous of the economic and political spheres is the habitat of this 'reflexive citizen'.

We might, then, characterize the essentials of this civil society as, firstly, one where the household ceases to be defined as a privatized space of economic agents. Instead, the household becomes as much a bulwark against economic interference as against state interference - of course state legislation is necessary, e.g. against domestic violence, and legislation requires enforcement but my point is to distinguish this from the statism which clearly threatens individual autonomy especially if, as many believe, we are moving into a surveillance society. Secondly, this civil society is one where there is greater mobility between the household, formal and informal economies - the latter is that which also encompasses self-defining communities, or civil and political associations. This requires both that the household contains gender-neutral entrances and exits so that women have more opportunity to leave the home and men have fewer excuses to ignore it and that an increase in free time and the material resources is necessary to make this a reality. Thirdly, the civic elements of socio-cultural institutions are emphasized. For instance, Keane (1991, 150-62) talks of making the media less of an economic enterprise which means experimenting with non-market and non-state institutions against those based on commodity production and exchange. Though how this translates into practical policies is not spelt out.

To summarize this section: economic liberals tend to equate civil society with *laissez-faire* economics which consists of privatized individuals, families and organizations; social democrats resist this equation but have either re-emphasized the dominance of capital or have promoted the state as its principal countervailing force, producing a residual civil society at best; the democratic Left might now be thought of as desirous of a relatively autonomous civil

society but, as always, a question mark hangs over the feasibility of this given the degree of economic and political redistribution and decentralization which would be required.

## 5. Theories of Citizenship

I began this chapter by offering a definition of citizenship which, I hoped, would enable three theories of citizenship, corresponding to our three ideologies, to emerge: *the equal status of all members of civil society*. We should now be in a position to summarize what those theories are.

For economic liberals citizenship is an attribute of a free market. The market recognizes the equal status of all so long as it is free from political coercion. Consumer choice and self-respect are inseparable. Poverty is an absolute which is now virtually non-existent in the West so that socialistic attempts to characterize social inequality as coercive are specious so long as market mechanisms are allowed to function. As such, a citizenship which wraps itself in the language of social justice and the welfare state is self-defeating. A more-than-minimal state inhibits the actions of the free citizen as a rational, self-interested consumer. By allying rights to powers, social rights threaten the integrity and irreducibility of rights and erode the social responsibilities of citizenship. In response, we must re-invent civil society as an unintended set of economic relations where the state is but one agent among many. In short, economic liberals think of citizenship as referring to the *formal equality of wealth-maximizing individuals who possess basic rights and duties, in equal measure, within an unrestrained market environment*.

The social democrat insists that the free market deprives its poorest members of self-respect so that the equal status of all requires that markets be set within some kind of political context. Social justice therefore refers to those principles which extend the advantages of market mechanisms while eliminating the burdens which exile many from the full benefits of citizenship. Indeed, state action and provision is essential to citizenship since without the equalization of conditions those with the greatest resources will, *de facto* or otherwise, prevent the poorest from realising basic goods

and opportunities. Some notion of social rights is therefore necessary and desirable as is some institutional mechanism through which they can be achieved. Civil society, as such, is not reducible to economic relations. So, the social democratic theory might be stated as: *citizenship refers to a substantive conception of material conditions where the status of the individual is not dependent upon his value in the market and where social rights provide some degree of protection, within civil society, against the inequities of market-based distributions of jobs and income.*

Now, whereas economic liberals think of citizenship in individualistic terms and social democrats think of it in social terms, the conception of the democratic Left, being *sui generis* as it were, is somewhat vague and reactive. To a large extent it overlaps with that of social democracy, the difference being in the means by which substantive citizenship is to be delivered. Social democrats are criticized as being too uncritical of the concentrations of ownership and economic power which continue to characterize capitalism and, therefore, of being over-confident regarding the efficacy of the welfare state. Poverty is thought of as being more functional to the imperatives of capital than post-war social architects imagined. Unless massive economic inequalities are addressed seriously then material burdens will continue to be loaded on those least able to bear them. Furthermore, moral panics will be increasingly aimed against those such as 'scroungers', the underclass, single mums and so forth, i.e. those who are judged to be welfare dependents, and therefore potentially socially irresponsible, by the relatively affluent who will become ever-more hysterical in their attempts to shift responsibility for the consequences of social divisions. The democratic Left implies some reference to feminist and ecological critiques but no systematic theory encompassing these has emerged, assuming that one is possible. Here, then, citizenship might be thought of as: *the reflexive, open space of self-definition possible once the decentralization of economic and political power has been effected and each individual is conceived as an owner of the material conditions upon which social relations are dependent.*

How, then, do these theories of citizenship influence respective interpretations of entitlement to social security benefits and to any future CI scheme?



## 6. Benefit Entitlement

Economics liberals are quite clearly predisposed towards entitlement based upon market-led criteria. What assists, or at least does not hinder, the efficiency of the market is for the good, what obstructs the workings of the market is for the bad. This does not mean that economic liberals will reject a priori any sort of provision which renders the market less efficient, rather it is that they give the benefit of the doubt overwhelmingly to market-based entitlement. The iron laws of supply and demand may only be dented in order to prevent, as Hayek (1976, 87) has it, the severe deprivation of "...those who cannot help themselves." Such protection is derivative on market forces with, therefore, two consequences: firstly, the resources which are made available are likely to be minimal since excessive taxation is destructive and likely to be self-defeating; secondly, those to whom such resources are distributed are likely to be few in number and living at, or close to, a subsistence level. So, the relief of deprivation and of severe hardship has got little to do with fighting poverty. There may be occasional examples of poverty in the advanced West but these are the exceptions and do not signify a generalized social condition. There is certainly inequality and those who are less well-off but what, if anything, makes this a threat to social order is the very welfare system itself. By establishing a benefits' floor many are deprived of the incentives by which they could help themselves. Indeed, remaining poverty is due precisely to this welfare-dependency - as is much crime since the enforced dependency of the underclass tends to breed illegitimate economic activity which, at its worst, creates ghettos or no-go areas emptied of the rule of law. So a greater emphasis on market-based provision will eliminate remaining poverty in the long-term by eliminating benefit-dependency in the short. This requires a low-taxation regime, a system of highly conditional entitlement which stresses the responsibility of the individual first and foremost and, eventually, a system of privatized welfare provision to which state welfare is little more than a footnote.

We may, therefore, identify two characteristics of benefit entitlement as favoured by economic liberals. Firstly, costs must be kept down in two senses: administrative costs must be minimized, since excessive bureaucracy is not only inefficient but potentially

inimicable to the workings of free government; also, and more importantly, spending on actual social security benefits must be kept down. Ideally, almost all of the able-bodied will be able to survive and provide for periods of incapacity through labour market activity. Most social protection will be what the individual can provide for himself through private welfare agencies, social insurance should be actuarial and divorced from the state to the greatest possible extent. In short, public spending on benefits will be for the deserving few who cannot provide for themselves.

Secondly, this, obviously, implies that the burden of proof is placed on the individual. To qualify for benefits you must demonstrate both that you are in need and that you are incapable, through no fault of your own, of alleviating such need. This indicates a resurrection of the distinction between deserving and undeserving poor. Economic liberals do not shrink away from this since measures directed against the 'undeserving' are likely to discourage from claiming those who really can provide for themselves. The 'deserving', meanwhile, will either have an incentive to return to work as quickly as possible, while those who absolutely cannot do so, e.g. the severely disabled, will not be stigmatized.

This emphasis upon costs and demonstrable need leads economic liberals to be more concerned than any other ideology with the selectivism of income-testing and/or means-testing, thus placing the onus of claiming benefits squarely on individuals. This is necessary if moral hazard, which states that if I am insured against x, then x is more likely to occur, is to be taken into account. Socialized insurance is condemned for depriving the individual of the very responsibility which is needed in order to avoid x. A system of private insurance, meanwhile, would not only provide insurance but would be more capable of stressing such responsibilities since penalties are more easily incurred for reckless behaviour. In the absence of out-and-out private insurance, however, a greater emphasis upon means-testing and conditionality will have the effect of 'encouraging' responsibility within the confines of the existing system. So there are basically four aspects to this version of entitlement: administrative simplicity, disincentives (against scroungers, malingerers etc.), extreme conditionality, low public spending.

Now, a CI is capable of satisfying the first of these. It is easier to provide automatically, through a computerized system of provision, than the current system which depends upon reference to contribution records and co-habitation rules. However, in its pure form, a CI is universal and unconditional which means that it could be paid to those who do not earn or work in any form, which is anathema to the citizenship ethic of economic liberals. Similarly, it is likely to be prohibitively expensive if raised above a subsistence level. So though there is enough here for economic liberals to involve themselves in the CI debate, they are likely to give only a qualified support to the basic CI idea, preferring a system which is conditional upon labour market activity, which places disincentives in the way of those who would prefer a low degree of such activity, and which is inexpensive. In short, a system to which income- and/or means-testing is fundamental. If a CI were to be supported they would likely prefer that version of it known as NIT.

If their emphasis upon the market leads economic liberals to favour selective benefits then their conviction that citizenship is only guaranteed by setting limits to market forces leads social democrats to favour more universal and generous forms of provision. The market, so it goes, makes an effective servant but a poor master. In order to be an effective servant, therefore, a state-organized system of welfare is required to institutionalize the social rights of citizenship which are intrinsic to the equal self-respect of all. This implies, firstly, that resources should be made available according to principles which are independent of the market. Economic bankruptcy is hardly feasible, obviously, but the market can be 'squeezed' to provide sufficient resources in the right places. We do not decide which needs we can alleviate based upon what the free market can afford, we debate which needs to address - and to what degree - and then figure out how to afford them. If that means that the market is no longer 'free' then so be it. Secondly, welfare resources are likely to be more widely distributed than is the case with economic liberalism. Both because more are thought to require assistance and because the needs which are to be alleviated are harder to assuage than free-marketeers imagine.

But though citizenship and benefit-entitlement are regarded as essential to individual and societal well-being, social democracy is still highly committed to industrialized development and economic

growth. Indeed, both it and economic liberalism have tended to be highly productivist, the difference being over the degree to which market regulation is required to combine productivism with justice. This means that the social democratic version of benefit entitlement is closely allied to the labour market, albeit without the Right's faith in some natural, inevitable market equilibrium, e.g. that supply creates its own demand. The reason for this is that the principal agents of social democratic reform have been the working-class who, as I will argue in chapters 4 and 7, tend to be as wedded to an 'employment ethic' as the employing-class. This has undeniably produced progressive reforms. Yet if the labour market is splintering irreversibly into different variants of employment, and if we have to acknowledge work which is not based upon formal employment, then the labour market may itself have to become more of a servant than a master. In any event, the social democratic emphasis has had two main consequences for social security.

Firstly, since the vicissitudes of the labour market are beyond the control of the individual a system based primarily upon selective benefits is not only stigmatizing it is contradictory. Any modern economy depends upon its workforce giving their consent and allegiance to their occupation and place of work. This cannot be done if workers are treated as little more than units in an equation of supply and demand. Since the world of work can be the source of both prosperity and of desperation, i.e. unemployment, then the labour market should itself provide the protection against the worst consequences of demand deficiency. This means some kind of insurance-based system. The provision of benefit which is based upon self-insurance during times of relative good-fortune is liable to be more sensitive to individuals' self-respect than either the hand-out of a means-test or the more impersonal funding which comes purely from taxation. In short, insurance combines the virtue of universality - since all workers pay contributions - and of conditionality - since unemployment benefit is payed only during specified times of economic inactivity.

Secondly, since social democracy insists on the existence of social rights it is perhaps more sensitive than economic liberalism to those factors which prevent labour market participation. The latter are certainly responsive to those physical and mental endowments which prevent self-reliance, i.e. it is inconceivable



that anyone could reject any form of disability benefit, yet theirs is still an 'as resources allow' philosophy. This means that entitlement to, and remuneration of, disability is likely to be more draconian, e.g. as is the case with the Incapacity Benefit introduced in April 1995. Furthermore, social democrats are likely to be more sensitive to those injuries and medical conditions which are incurred in the course of work. Such injuries and conditions are regarded as a social responsibility which are deserving of social provision. Economic liberals will tend to either minimize such provision or else abolish it altogether, e.g. Minford's (1984) proposal to make any benefits for injury compensation non-compulsory, reducing it to part of the contract between employee and employer.

So in the social democratic scheme of things the social security system primarily implies a combination of insurance-based and categorical-based entitlement. It is less concerned than economic liberalism with public spending and (dis)incentives, though it still maintains some element of conditionality, e.g. reference to contribution records imposes a test which most women fail to pass. Benefits are earned as of right and/or received as of right according to factors beyond individual control. We will look more closely at the insurance principle in chapter 7. For now, it is enough to note why social democrats are likely to be sceptical regarding CI.

CI certainly possesses enough attractive characteristics for social democrats to want to contribute to the debate. Most now recognize that the tax and social security systems must work more closely together if a minimum income for all is to be finally guaranteed. The integration of the two systems implied by CI offers one model of what this could entail. However, once involved in the debate social democrats then display a high degree of scepticism. For the most part this is because CI is provided automatically without reference to labour market participation, which might be seen to offend the employment ethic which social democrats still attempt to embody. This means that the sense which individuals have with insurance benefits, that they are providing for themselves, is eroded. With CI it is as if the entire social security system becomes based upon a safety-net model which social democrats only ever envisaged as a supplement to insurance. An adequate income, the argument goes, should derive principally from the labour market,

i.e. wages, with benefits being a temporary and secondary means of provision. Social security should not be conceived as a principal instrument of redistribution and social justice, even assuming that this is possible. So social democrats seem to give a response to CI which is just as sceptical as given by economic liberals. It is in chapter 7, though, that we will examine these issues in more detail.

Both economic liberalism and social democracy tend to be pro-conditional so far as benefits-entitlement goes, though the former are negative towards universality while the latter are more positive. The democratic Left, meanwhile, tend to be both pro-universality and pro-unconditionality when it comes to social security benefits. Since they regard citizenship as an open space, as something which should not be filled with perfectionist, pre-defined ideas as to what makes a good society and a good citizen, then the benefits-in-cash side of the welfare state should not impose constraints on its claimants. Or, rather, their ideal is to collapse the very 'claimant vs. citizens' struggle which haunts modern societies - and which fuels rhetoric whereby the taxpayer becomes the exploited victim of the claimant - and replace it with a social condition where because we are all citizens we are therefore all 'claimants'. This the welfare state has so far failed to do. Re-constructing welfare provision, in that case, certainly implies democratic institutional reform of various sorts, but also implies democratic moral and symbolic reform so that welfare ceases to be regarded as an instrument of, and a supplement to, a just society and comes to be thought of as much more integral to social justice. The democratic Left would therefore replace the central role which social democrats still give to the formal economy and its labour market. They would make the provision of social resources essential to individual well-being and would construct a progressive hegemony between marginalized social groups by stressing the damage done to all by economic centralization. They would seek to replace a centralized welfare state with a decentralized welfare society.

So the democratic Left are immensely sceptical regarding the desirability of means-testing. This they interpret as a means of discriminating against those who are most in need. Categorical benefits are welcome since any universal system of welfare provision must take account of the particular needs of certain groups, the one

does not exclude the other. They are more ambiguous towards the insurance principle, however. On the one hand, it expresses the notion that a capitalist economy contains risks which must be dealt with. On the other, the principle has often justified an individualistic ethos which has strengthened capitalist economics rather than presented alternatives to it. The conditionality associated with contributions has, as we shall see, excluded from provision as many as it has included. The insurance principle at an abstract level is fine, but for it to be acceptable to the democratic Left it would have to be founded on further collectivist principles which could mean eventually dissociating it from contributions altogether.

So the democratic Left is the ideology which seems to be most accepting of CI in its pure form. So long as it fulfills the objectives of large-scale redistribution and of paternalist but not perfectionist support then it would seem to be acceptable to the their decentralizing project. The question is what role might a CI play in terms of the larger package of democratic Left policies? Might it have only a marginal role contrasted with various forms of common ownership and self-organization? There is really no way of answering this; however, chapter 8 will suggest reasons why CI could be considered as a transitional stage towards the establishment of a social dividend and widespread ownership and control of productive property.

## 7. Conclusion

In this chapter we have outlined the three theories of citizenship specific to the three ideologies with which we are concerned with in this research. One way or another these theories are concerned with the potential for the free market to realize justice and with the state's ability to correct market failures. Such interpretations of citizenship exert a considerable influence on the approaches which are made to benefits-entitlement, a crucial subject when considering social security reform. These approaches differ as to what form state transfers should take. Economic liberals favour both selectivity and conditionality, social democrats favour the combination of universality and conditionality provided by

insurance-based and categorical benefits, while the democratic Left favour whichever universal, unconditional scheme is the most feasible. All three have certain problems with CI, but all three recognize in CI something to which they could give support such that it is worth proponents of these ideologies contributing to the CI debate.

So far, though, we have looked largely towards the formal economy and what the reform of social security, in terms of conceptions of citizenship, could mean for it. But with the re-structuring of the labour market to the point where it can no longer be automatically regarded as the source of income and identity we are justified in looking beyond the formal economy. This means looking not only at the spaces - economy, market - within which we work, but at what is meant by work in itself. Does work simply mean wage-earning or something more? This is a question we will now address and we shall see that the implications of asking it, both for the social security system and for CI, are considerable.



THE MEANINGS OF WORK

1. Introduction

Our discussion of citizenship in the previous chapter to a large extent revolved around disagreements over the proper relation between the state and the market. Economic liberalism and social democracy are alike in that they play the one off against the other. Non-market and non-state forms of association have tended to be peripheral to their concerns and, correspondingly, their socio-economic philosophies have been centred upon wage-earning activity in the formal labour market. The democratic Left are more receptive to such forms of association and, through the influence of feminism and ecology, have begun to formalize alternative forms of rewarding activity and organization. This chapter will attempt to build upon previous discussions in order to deepen and extend our understanding of ideological disagreements and their importance for social security reform. It will proceed by questioning what it is ideologies mean by 'work', for only then will we have a clearer idea of exactly what kind of activity it is which benefits should support and/or supplement.

So, the proposition of this chapter is this: any proposals for social security reform must be seen within a wider social and historical context, i.e. that context which concerns ideological disagreements over the meaning and social function of work. For just as the differences which political ideologies demonstrate over the nature of citizenship, rights, social justice and civil society influence their differing conceptions of the role of the social security system, so too do their differences over definitions and theories of work, employment and free time. As such, the nature of someone's preferred reform will derive from their conception of the nature and purpose of the labour market and this, in turn, derives from how they interpret the relationships between paid work,

domestic labour and free time. Furthermore, such interpretations relate back to the work ethic and to the emergence of capitalist markets. So, the purpose of this chapter is to understand how and why differing ideologies have differing conceptions of work and what the implications are for social security reform.

Those implications are dealt with directly in section 6 and stem, in large part, from disagreements over the importance of the informal economy for well-being and welfare. Such disagreements themselves derive from a variety of competing theories regarding the nature of leisure and the significance of free time and we will examine the relevant debates in sections 4 and 5. I will be arguing that to a considerable extent economic liberals and social democrats think of leisure and free time as an adjunct to the 'employment ethic', whereas the democratic Left think of them as being potential subversive of that ethic. The meaning of the employment ethic is outlined in section 3, an outline which is itself dependent upon a prior explanation of the work ethic's emergence which is attempted in section 2, below. So, having anticipated this chapter in reverse, as it were, we are now in a position to allow the history of work, and ideological disagreements over its meaning, to unfold more or less chronologically.

## 2. Only A Marriage of Convenience?

Weber never intended his work on the Protestant ethic to be a substitute dogma for historical materialism, for that would be an equally "...one-sided spiritualistic causal interpretation of culture and of history" (Weber, 1930, 183). He desired, but on the basis of *The Protestant Ethic and the Spirit of capitalism* (1930) did not effect, the subversion of the 'idealism vs. materialism' dichotomy which early Marxists and anti-Marxists seemed content to perpetuate. By doing so, both sides felt the need to hammer and mould history into a shape that could conveniently resemble various methodological presumptions. But if, instead, we approach history in non-essentialist terms then perhaps we can envisage how Protestantism and capitalism, the spiritual and the material, evolved toward each other on a converging path, without reducing the values of the former to the practices of the latter, or vice-versa.

This 'converging path' might then be seen to culminate in the industrial revolution. What might such an alternative methodology imply?

We might answer this by considering two criticisms of Weber. The first is that he underestimates the ambiguity of early Protestants toward capitalist practices. He does, of course, point out that what the Puritans valued was not wealth for its own sake but "systematic work in a wordly calling" (1930, 171-2), which meant that they justified wealth's possession and acquisition but not its consumption and enjoyment. Yet his acknowledgement of such ambiguity has little dynamism, little sense of evolutionary momentum. The battlelines between Protestant values and capitalistic practices must have shifted in significant directions over time. What I want to suggest is that they started out as respectful opponents, became hostile colleagues and ended up as loving bedfellows. So if, at an early stage, Protestants considered even the possession of wealth to be sinful (George & George, 1961, 162), this must later have conflicted with the increasing recognition of money-making as largely consistent with religious duty in a Calling (Tawney, 1938, 113-4; Walzer, 1965, 13). Could the development of Protestantism, i.e. the demise of Lutherism and the ascendancy of Calvinism, be explained as the attempt to resolve this conflict until even consumption and enjoyment of wealth were tolerated, made virtuous, and Puritanism eventually erased as a serious influence? In any case, Weber neglects to emphasize such questions. His account freezes any such dynamic evolution and misses how Protestantism resolved its ambiguity toward wealth creation by discarding religious anachronisms - the Puritan Calling - and shaping itself to the capitalistic practices it itself had helped to unleash. By opening up a secular space within Christian theology, it had encouraged the very material practices which, because they did not lend themselves to a Puritan ethic, would threaten its own future. Adaption to these practices became the imperative, therefore. But Weber's excessive emphasis upon ideas, culture, and the like, means that he gives little sense of how problematic the early relationship was between Protestantism and capitalism and how traumatic it must have been for the former to accomodate itself to the imperatives of the latter.

Along the same lines, a second accusation may be levelled. Weber,

like Marx, seems to have imagined a rapid and revolutionary transformation from one world order to another. The death of traditional religious conduct and motivation led to its replacement by 'business' as a necessary part of life where we exist for it (Weber, 1930, 70). But was there really a 'death'? Perhaps we should see this transition not as the victory of one ideal, value system or moral code over another, but the as endogenous emergence of one world order from the old (Hirschman, 1977, 11). So, rather than marginal groups assaulting pre-existing ideas and relations, commerce and industry in their infancy were nurtured and set on course by the established power structure. To focus, like Weber, upon the unintended consequences of Calvinism is to imagine a world revolution. But this misses the possibility of unintended consequences camouflaging unrealised expectations and the extent to which there was a continuity in the world order (Hirschman, 1977, 129-31). Continuity is explained by established power seeking to maintain its essential structure - which is not to imply that it always succeeds. To insist upon a revolutionary discontinuity implies finding some causal process more abstract and un-worldly than the self-preserving instincts of power-holders. So Marx has his material forces of history and ambivalence as to what class succession involves. Weber, as a non-materialist, has perhaps less recourse to essentialist causes; nevertheless, by over-stating Protestantism's influence he too simplifies what is complex - how humanity interacts with the material world within which it is enmeshed - and complicates what is simple - that history is a progress of conservative, power-preserving structures.

So, the alternative methodology I suggest be deployed when considering the emergence of the work ethic implies an avoidance of reductionism: we should explain the work ethic by recourse neither to an overbearing materialism nor to an overbearing idealism. Though an elementary point to make it is also an important one since reductionism has been all-too-common. For instance, Weber's tendency to underestimate the impact of capitalist practice on moral/religious ideas and beliefs, has a counterpart in political philosophy whenever theorists are lifted out of the historical context in which they wrote. An absolute ahistoricism is, of course, rare. But, if we move on somewhat from Protestantism's origins and look at John Locke, we should avoid any interpretation of Locke which



diverts attention away from his socio-economic context. In so doing, we begin to appreciate how the work ethic dovetailed with the increasing tendency to make private property central to human affairs.

What we need to do is to see how his theory of property was influenced by the property relations of the time. Locke's unspoken assumption is that though justice must 'supervise' the process of private appropriation and accumulation it cannot question that process as such. Locke's theory of justice is blind to the possibility of the natural world, prior to property relations, being *commonly* owned. This is why he is attractive to someone like Nozick. Now, the charge is not that Locke was simply a crypto-capitalist, a spokesman for bourgeois ethics. But the charge is that,

Locke merely poured into a philosophical mould ideas which had been hammered out in the stress of political struggles, and which were already the commonplace of landowner and merchant. (Tawney, 1938, 256)

Locke does not need to spell out the fundamental assumptions held by the audience he is addressing since he belongs to that audience himself:

When he did mention them...it was only to establish a technical, religious or economic argument by reminding his readers of something they already knew but had not correctly applied. (Macpherson, 1962b, 229; cf. Dunn, 1969, 217-20)

Locke's was a justification of existing property rights in the years up to 1688, not a root-and-branch analysis of property rights *per se*. Macpherson criticizes those who ignore this and so fail to relate mercantillism to capitalism. Locke,

...consents to state regulation of property as a way of securing property. But this in no way controverts a right of appropriation unlimited in amount. Unlimited capitalist appropriation...requires state jurisdiction over property and is consistent with a great deal of state interference with individual property. (Macpherson, 1962b, 299-300)

In short, Locke 'naturalizes' the Puritan Calling (Taylor, 1989, 238-9). Any proper assessment of his significance, therefore, must take account of both Locke the theorist and of Locke the late

Seventeenth Century liberal agitator.

So, when examining the emergence of the work ethic all forms of reductionism have to be avoided. Classical Marxism conforms to a base/superstructure model. Weber's sociology has room for, but hardly elaborates upon, an explanation whereby capitalism and Protestantism engage in complex, conflictual and eventually reconcilable relations. A thoroughly historical account could show Locke as one of those who promoted this reconciliation. Then, as we move beyond Locke towards the Industrial Revolution, this non-reductionist, dynamic account might be used to explain why it is that the Protestant work ethic fades and the capitalistic employment ethic emerges. For this to be possible, capitalism and Protestantism had to have been burrowing away at each other for some time in a manner which neither Weber nor Marx sufficiently allow for. So with the onset of the Industrial Revolution the highest form of moral activity has ceased to be labouring to God within a Calling and gradually becomes wage-earning activity within a labour market.

### 3. Work As Employment

This section deals more closely with how work came to be identified as paid employment.

Capitalism might be defined as a social and economic system of private ownership, commodity production and competitive markets. Yet, without an ethical culture to bind us to our environment no such system would be sustainable. It may be true of any socio-economic system, and is certainly true of the capitalist one, that it depends not only upon external, formal institutions but also upon internal, psychological ones. Without some impulse to identify with, and give consent to, our environment then the system cannot operate. Though other systems, like Feudalism, might not require consent to any great extent, this is not true of capitalism since authoritarianism is not compatible with market individualism for any length of time. So, it is no coincidence that the most essential capitalist market - the labour market - emerged simultaneously with its corresponding ethic, what we will call the employment ethic. Earlier markets were less essential so that the ethics which corresponded to them could emerge over a greater period of time. For instance, capital markets could

survive for a while without a full-blown profit-making ethos being necessary; and commodity markets could afford to wait for the prevalence of a competitive ethos of possessive individualism. This is because such markets initially depended upon a relatively small elite only, so that no mass motivation was required. However, labour markets only function if the millions working within them identify with such functioning and this is why an employment ethic is required. Coercion and discipline would never have been sufficient for industrialization and the rapid upheavals it wrought since labour market mobility ultimately depends upon freely-given consent, a consent which requires some kind of ethic to give it substance. So, why was the increasing dependence of labour on labour markets perceived by many workers as freedom? That is the question which this section deals with.

The moral background to industrialization is one where wage-earning activity has become the highest moral value because Protestantism has become ever more materialistic. So whereas Calvinism embraced work as a sign of future salvation but not as a means of attaining it, a means of avoiding damnation but not of purchasing salvation, over time these distinctions blurred. There came an obligation to improve one's Calling and not simply remain within it. Unwillingness to work passed from meaning a lack of grace to meaning a lack of endeavour. Wasted time was no longer time lost for the labouring of God's glory, but time lost for the making of money (Robertson, 1985, 57-69). Raymond Williams, similarly, sketches the development of the meanings of work:

The basic sense of the word to indicate activity and effort and achievement, has thus been modified, though unevenly and incompletely, by a definition of its imposed conditions, such as working for a wage or salary, being hired. (1976, 282)

We may adapt what A.G. Watts (1983, 133) says of the Reformation: industrialization made work less of a necessity and more of a virtue, and then made a "necessity of virtue". In short, as Kumar (1984, 7) has it, religion no longer sanctifies work, work sanctifies religion. The resulting employment ethic prizes wage-earning activity above all and devalues domestic labour, such that a division between household and workplace is effected with less social trauma than might have been expected. With the household safely out of the



way the labour market is then free to thrive. Let us elaborate on this.

A labour market treats labour purely as a commodity. Feudal ties, whatever else they involved, did not involve this. The loosening of those ties, through the rise in trade and technical innovation, was also a transformation in property relations. The worker gained full control of his labour power but lost access to the productive means of subsistence. The labour market developed as a consequence of, and compensation for, the loss of traditional communities and their means of subsistence. Whereas households had been the site of both production and reproduction (Pahl, 1984, 20), the productive function is taken over by the labour market and the home becomes solely for the reproduction of labour, to be sustained by income, i.e. wages generated elsewhere. The household, then, becomes an element within, but not of, civil society. This did not lead immediately to the sexual division of labour. But as child labour was legislated against and women became confined to the home (even when employed as domestic servants) there emerged the 'male breadwinner plus female dependant' model which still plagues us today.

But the employment ethic not only equates work with wage-earning activity, as well as devaluing housework, it also obscures this equation. The identification of domestic work with 'woman's work' is made to seem perfectly natural. This is why many have seen feminism as somehow unnatural, a threat to the social order rather than the grounds of a new, liberating ethos. For instance, however well-meaning, the following passage from E.P. Thompson ignores the specifics of gender division in the modern era:

...despite school times and television times, the rhythms of woman's work in the home are not wholly attuned to the measurement of the clock. The mother of young children has an imperfect sense of time and attends to other human tides. She has not yet altogether moved out of the conventions of 'pre-industrial' society. (1991, 381-2)

Perhaps, but it is precisely such 'alternative' values which have been devalued. In short, capitalism requires a labour market and a labour market requires a legitimating culture if it is to function. The employment ethic, the identification of work with wage-earning activity in a labour market, is the essence of that culture.

These points help us to respond to Thompson's puzzled question:



why were the proletariat so accepting of the frugal, acquisitive virtues designed to profit their masters at a time when industrial capitalism was destroying traditional life? Thompson is certainly correct in identifying inner compulsions as being as least as important as external disciplines (1965, 356-7). Yet he also suggests that those compulsions themselves had external origins and were imposed over a relatively short space of time. Like Weber, he sees a unilinear progression from Protestantism to capitalism which then forces, via certain institutions and mechanisms, educative and disciplining strategies upon a labouring population. The early working-class may then be comfortably thought of as the passive creation of industrialization and the organized labour movement as the working-class beginning to resist the disciplines to which it had been subjected. But if, again, we should resist such a unilinear interpretation we might view the 'inner compulsion' not as the internalization of industrial capitalism's values, but the evolution of a work ethic, which the labouring population already possessed, into an employment ethic. It may indeed have been Methodism which forged the "...last links of the Utilitarian chains riveted upon the proletariat..." (Thompson, 1965, 358-65) but Thompson ignores the earlier links in the chain. He is reluctant to find any great continuity between the pre-industrial and the industrial, between the agricultural labourer and the urban labourer, since this would amount to admitting that the early working-class were not as passive, and the emergence of organized labour not as revolutionary, as Thompson would like. As an alternative, I am suggesting that it would not do to over-estimate the importance, and deliberateness, of disciplinary strategies on the part of Church, state and industrialists. Traditional bonds, values and obligations may have been pre-industrial, but this does not make them pre- or non- or anti-capitalist. It is not that working people were forced to convert to a work ethic intended to undermine any desire to resist exploitation. On the contrary, working-class identity involved no traumatic rupture with the past. The working-class would eventually attempt to resist exploitation at the point of production precisely because it shared the same productivist norms and objectives as its exploiters. As such, both socialism and communism came to be as closely identifiable with industrialism as capitalism was. This is precisely why ecological thought often

rejects all three and this is what Kumar means when he writes that the challenge to the

...ethic of work was implicit in the very phenomenon, industrialism, which provoked the most passionate advocacy of that ethic...(1984, 8-9)

What is therefore 'implicit' is not a proletariat, but the "...elimination of the human factor in production altogether" (Kumar, 1984, 8-9). It is the automatization of labour and the labour process which, ironically, now reverses the process whereby work became identified as activity in the formal economy. Marx was right to suppose that capitalism reveals crisis tendencies. But it was never to be the immiseration of a world-historical class which would dissolve modern property relations. Rather, it is the marginalization of labour which automatization brings which signifies the possibility of change. It is the very fragmentation of labour which is significant.

To summarize: the employment ethic is that ethic which makes work and wage-earning activity in a labour market appear synonymous and which helps to effect a split between workplace and household. Wage-earning activity therefore becomes the highest virtue; 'woman's work' becomes invisible and inferior. Subsequent social reform and industrial conflict have orbited around this common frame of reference.

#### 4. Leisure and Free Time

In contemporary Western societies, though, the employment ethic is less able to provide the foundations of individual self-worth and of social well-being than was once the case. This decline was first anticipated in the era of post-war consumerism when many thought that rising standards of living signalled the impending emergence of a leisure society where the essential problem would be what to do with so much free time. In fact, greater leisure time was created but it turned out to be the kind of enforced leisure which comes with mass unemployment. Our societies are therefore left with two principal dilemmas when it comes to labour market reform. Firstly, how do we redistribute employment to those who do not possess sufficient

amounts of it (but wish that they did) and how is the greater free time which has been created to be made available to all without the de facto coercions which come with mass unemployment? Yet to address this dilemma we must also address a more fundamental one. On the one hand, society no longer seems able to supply a lifetime of secure, full-time employment yet, on the other, it is precisely such security of which most of us still have a need. So although the ability of the employment ethic to provide the foundations of self-worth and of well-being has declined this does not stop us from yearning for a time, with all of its attendant solutions, when this was not the case. In short, our need for work does not correspond to society's capacity to provide it. But what is to be done? Can wage-earning activity in the formal labour market ever again form the basis of self and society? Must we search for other ways of providing security or certainty? Or is it that, in a postmodern age, we should no longer be so dependent upon securities and certainties at all? In the next two sections I will present some of the answers which our principal ideologies have supplied to such questions. For now, I wish to argue that when it has come to considerations of leisure and free time ideological theorists have so often been found wanting. Doing so, however, requires us to engage with a literature which does not reflect the ideological distinctions being made in this thesis. Rather than economic liberals, social democrats and the democratic Left therefore, in this section we will need to study Marxist, conservative and liberal theorists of leisure and free time. My conclusion will be that too many of these theorists have treated leisure and free time as being of secondary importance compared to the employment-centred society and its accompanying ethic. It is precisely such complacency which we have to avoid. It may be, of course, that CI could fit into and serve an employment society, but it might equally be made to serve a post-employment ethos. Unless, therefore, we distance ourselves from the kind of theoretical approaches I am about to sketch then the full import of CI might go missing and we would be failing in our objective of understanding the ideological contexts within which CI exists and must be seen.

Firstly, then, I will criticize those Marxist approaches to leisure and full time which adopt a functionalist critique before similarly discussing those conservatives and liberals who have adopted an equally simplistic formalist critique.

The problem with Marxist functionalism was always its treatment of leisure as, in Braverman's (1974, 278-9) words, the "enlargement of capital"; that is, as an activity which merely serves to reproduce the degradation of the workplace, as inadequate but escapist compensation for the inabilities of work to satisfy the expectations generated by modern society. Yet this is to treat the sphere of reproduction as a mirror-image of the sphere of production, which may be justified according to Marxist economism but does not seem born out by contemporary social science nor even by everyday experience. For even if much of our free time is taken up with consuming the products of the leisure industries, such time also allows room for activity, both personal and political, which is not so easily commodified according to the needs of capital. I may use my time to see the latest Hollywood blockbuster or to protest at the government favouring the car industry in its transport policy and there are no capitalist puppet-masters impelling me to do the former rather than the latter. Of course, then the objection comes that the constraints on using free time creatively and *politically* are very much *internal* constraints, a product of environment. Yet is this any more cogent?

This 'environmental' objection is one which was advanced by certain members of the Frankfurt School. Yet this critique is insufficient precisely because they entangle themselves in the same old web within which Braverman was ensnared, i.e. historical materialism. They start out to explain why theory has failed to read history and end up concluding that it is history which has failed to live up to theory. The stream of real history has evaporated leaving (false) consciousness oblivious to the economic determinants of social relations; and, left floundering and drowning, modern identity consists of surrogate freedoms and false needs which provide an empty space into which the corrosive influences of the culture industry can be poured.

As examples of this, Erich Fromm (1942, 242-3) says that "...the social character internalizes external necessities and this harnesses human energy for the task of a given economic and social system." Fromm, though, still held out hope of a better society as contrasted with Adorno and Horkheimer (1979, 120) for whom "...culture now impresses the same stamp on everything..." where leisure consists of no more than "...after-images of the work process



itself" (1979, 134-7). Marcuse (1956; 1964), too, finds the world of work to be inevitably repressive, though he does allow that new work relations could come about were there to be a liberation from all external, subordinating apparatus so expanding the realm of freedom and the free play of individual faculties. Now, even in their more optimistic moments, what this involves is a Freudian-inspired bias against actually-existing civilization, the cynical railing against a present which stands condemned when contrasted with a potential society never realized, a future never attained. The above theorists seek to construct monuments to historical materialism by seeking to bury what they consider to be false consciousness and inauthenticity. Their utopianism is fatalist, a misanthropic vision, unlit by any prescriptive politics.

Contrast this with those Marxists who avoid functionalism. Theorists like Walter Benjamin (1973, 215-8), Raymond Williams (1962, 104-16) and Hans Enzensberger (1988, 35-7) are aware that leisure has developed partly as a means of functionally plugging the gaps of the employment ethic - which, because it values the austerity of thrift and hard-work above all, cannot itself establish the virtue of consumerism. However, they insist that this is not all that leisure can be. Similarly, I believe that if leisure activities and free time do have progressive implications, and if we are to open up new spaces of freedom and autonomy, then the employment ethic with its equation of virtue with paid work must be superceded, both as a social reality and as that which guides our norms and identities. Obviously, we cannot even begin to do so if we are only alive to the regressive features of leisure and free time.

Just as Marxists have often been betrayed by a functionalist interpretation of leisure, so conservatives and liberals have adopted an equally simplistic formalism. This, too, is to commit the mistake of viewing leisure solely in terms of its importance to the formal economy and our employment society. What, then, is meant by formalism? For Chris Rojek (1985, 85-103), formalism characterized the early sociology of leisure and implied two things. Firstly, it implied a scientific methodology which is reductive and anti-normative, examining only the immediate surface rules of leisure relations. Secondly, it implies an individualism which uncritically views leisure as involving choice, flexibility, spontaneity and self-determination.

A good example of someone who examines only the immediate surface rules of leisure relations is Kenneth Roberts. Roberts (1970, 25) finds that the leisure revolution has gone so far as to "compartmentalize off" all non-work time and activities so that, if anything, it is now the nature of leisure which determines that of work. As social life has become more leisure-centred, work has become more instrumental and permeated by leisure values. By 'work' Roberts means all forms of obligation, including non-employment. So he insists that the differences between the leisure time possessed by men and by women are inconsiderable because many women have come to treat household chores as leisure (1970, 39-43). The leisure industry does not dictate tastes, he insists, it only affects the way tastes are satisfied. Tastes could never be standardized, even were the attempt made, and sub-cultures will always remain to be catered for (1970, 71-7). Certainly, leisure is made to perform a "latency function" (through which social frustration is sublimated into harmless forms), and promotes certain values and styles of life; but no great thesis of 'social control' is defensible (1970, 83-4).

There is certainly some value in what Roberts says. His conclusion that leisure is a 'diversion' rather than a technique of manipulation is basically sound. But if a leisure society is something that should neither be accepted nor rejected without qualification (Roberts, 1970, 97) then we need to engage more closely with its ambiguities and contradictions. This means applauding those activities which involve the critical faculty of resistance and autonomy and deploring those which encourage passivity, for only in this way can the impulse to improve society be maintained. Whether or not most people feel their leisure lives to be a problem is therefore less relevant than Roberts supposes. Perhaps diversion is itself a version of manipulation. We are not faced with consumers who are either completely sovereign or completely alienated. We each need escapism; we each need creative culture. The question is how best to proportion these ingredients. Roberts is so intent on attacking the critics of mass culture that he fails to mark out a coherent position of his own. Indeed, Robert's ideas are an appropriate reminder of Marilyn Waring's (1988, 159) acidic comment to the effect that of course men have had difficulty in theorizing about free time, since only men have free time!

When writing about leisure many liberals have shared Roberts's

approach (cf. Reisman, 1950, 291-301) since for the liberal the wishes and preferences of individuals are paramount and, so long as no harm is coming to other people, are not subject to criticism. To criticize the wants of the ordinary individual, so liberal logic goes, is to set oneself up as an elitist who may impose ones (supposedly superior) tastes on ordinary people. This is to risk a social and cultural authoritarianism. Yet conservatives, too, are often formalists. For example, Daniel Bell (1976) seems to agree with Roberts that leisure has a purely reproductive, supplementary role, rather than performing the basis of a new politics. Here, too, leisure is thought of in anti-normative, individualistic terms. The difference is that leisure is being disapproved of precisely for these reasons, i.e. the predominance of such individualistic hedonism is that which risks drifting society towards anomie, demotivation and the lack of a work ethic. If this is allowed to continue, says the conservative, social breakdown cannot be far behind.

What are we left with then? With two extremes that we need to avoid. On the one hand formalism, which treats leisure, consumption and free time in positivist terms as throwing up no questions as to what the meaningful content of these social forms should be. On the other hand functionalism, which can only deal with leisure and so forth in deterministic terms. Liberals and conservatives have tended to be formalists; Marxists have tended to be functionalists. Yet despite such apparent differences, these various positions actually demonstrate a deep resemblance: leisure is treated as a supplement to employment and the employment ethic. Liberal theorists have heralded the growth in leisure and living standards as a vindication of post-war capitalism, a vindication of growth, productivism and of societies based upon liberal, individualistic principles. Conservatives have deplored what they see as hedonism and a potential to undermine the values of thrift and hard-work upon which the economy depends, so that leisure is welcome only once the day's work is well and truly done. Marxists, certainly those of the Frankfurt School, have interpreted consumption as a means of diverting the working-class from its historical role by locking it inside a capitalist frame of reference, namely employer-employee relations, which causes it to accept its exploitation.

What we might now consider is that neither functionalism nor

formalism render us capable of understanding the nature of a post-industrial society, and that unless we have such understanding we will not be able to identify the current boundaries 'separating' the formal and informal economies. Once, therefore, we have appreciated the nature of such post-industrial economies we will be in a position to comprehend why struggles over the meaning of 'work' are so significant to the reform of social security.

## 5. Post-Industrialism

So my argument is that if we were to limit ourselves to functionalist and formalist interpretations of leisure and free time then our discussions of social security reform would only be able to remain within the existing, familiar framework provided by the employment ethic. If CI, however, has post-employment implications then this would be to do ourselves a grave disservice. Before turning our attention specifically to social security, therefore, we need to take a look at post-industrialism, since it is within and around this thesis that some of the most interesting work on a post-employment ethos has been conducted. What I will be arguing is that our preferences regarding social security reform alter depending upon how we conceive of the relationship between the formal and informal economies; conceptions which depend, firstly, upon whether we imagine that we do live in a post-employment society and, secondly, whether we believe that we should. It is such considerations which the post-industrial debate involved.

The post-industrial thesis had become established and widely influential by the late 1970s. Those early theorists, however, often avoided any normative critique. Even Daniel Bell's (1973, 12-33) subtle and thoughtful conservatism seems based upon a determinism which says that a post-industrial society based upon information-exchange and inegalitarianism is on its way, like it or not. Not surprisingly, Bell regards that coming, meritocratic society as inherently non-socialist: a thesis which coincidentally corresponds to his earlier 'end of ideology' thesis. Gershuny (1978, 150-1), by contrast, talks of encouraging a dual economy, that is, of expanding the informal economy and improving the quality of work and leisure within it, in order that we may provide "...a viable alternative to



employment in the formal sector." The normative importance of this suggestion was to grow as unemployment was to rise. Both he and Ray Pahl saw this 'duality' as an alternative to two other scenarios: a shrinking formal economy leading to a segregated labour market with peripheral workers who are subject to unemployment and poverty pay; or, that scenario plus state regulation to keep social tension to a minimum (Gershuny & Pahl, 1979 & 1980). Pahl (1984, 182) was initially complacent and applied insufficient distinctions to these three scenarios. At one point he imagined that rising unemployment would itself deliver the goods, the poor being in a better position to develop "informal support systems". Later, he was to deplore those, e.g. his earlier self as well as Charles Handy, who were too uncritical of modern trends:

...we have to make a conscious effort to unlearn the model of work as a male-dominated wage-earning activity. (Pahl, 1988, 749)

For Gershuny (1988, 580-3), the informal economy is a "communal production system" where value is exchanged but is not measured through money. The 'pool', into which work is contributed and from which services are drawn, is not based on the definite quantities of commodities. The informal economy compensates for the contradictions of the formal economy, but needs to be thought of distinctly and transformed consciously.

All of this has been doubted. Harding and Jenkins (1989, 48-9) regard the formal/informal distinction as simplistic and inherently blind to intermediate types of activity since they regard all sectors of the economy as forming a continuum which cannot be classified into discrete economies. But Pahl (1984, 129) had already made these points without disallowing the possibility of the informal sector/economy growing in importance. So, for futurists picking up on this debate, the informal economy could be a possible site for the attainment of new moral and social ends. As Pahl says:

A relatively rich society may find that it needs other forms of work more urgently than it needs wage labour....The value system that encourages competition or greed at the expense of collaboration and altruism may not ultimately succeed. (Pahl, 1988, 748)

So such a society, with the emphasis more firmly on non-paid work in informal economies, would not be shot through with exchange-value, as is the case with the wider civil society at present. It could not, therefore, simply be thought of as a black economy, since multiple forms of legitimate activity would take place within it. The objective would be for communal work - work for friends, relatives, neighbours and voluntary organizations - to become not only 'production as exchange-value', e.g. raising funds for a local hospital, but a superceding of exchange-value. So, proposals like Local Employment and Trading Systems could pool and distribute the skills and knowledge which the formal economy does not always recognize (Offe & Heinze, 1992, 86-101) - we will consider this in chapter 9. Any such informal economy would only come to have greater social value than at present if the artificial distinction between work and welfare were to be broken. Not surprisingly, therefore, many of those attracted to this aspect of post-industrialism have come out in support of CI (Jones, 1982; Handy, 1984 & 1989; Robertson, 1985).

So the post-industrial thesis in some way represents an attempt to re-negotiate between the formal and informal economies, and does this because of the belief that waged-work is going to be far less important in the future, so that our notions of work, and the ways in which it is valued, will have to be drastically revised. Free time, therefore, could represent a challenge to, rather than an extension of, the employment ethic. We are now in a position to outline how our three ideologies conceive of work, how they conceive of the formal and informal economies and how, therefore, these conceptions affect their attitudes to social security reform in general and CI in particular.

#### 6. Ideologies, Work, Social Security and CI

We have seen, then, that whereas formalist and functionalist interpretations tend to regard leisure and free time as appendices of the employment society and its accompanying ethic, certain post-industrial theorists regard such time as potentially subversive of a society where wage-earning activity is prized above all. But where do our three ideologies fit into the picture? I submit that economic

liberals believe that we do and should live in a post-industrial society but that this is by no means a post-employment society. Consequently, they retain a strong emphasis upon wage-earning in the formal labour market, so that leisure and free time are given a formalistic interpretation and are seen as rewards for thrift, hard work and enterprise. It is the service industries, rather than heavy manufacturing, which have come to predominate and if we are to be competitive then the restrictive practices and labour market rigidities of the industrial era must be eliminated. Social democrats are rather more ambiguous on the subject. Undoubtedly, Fordism no longer describes the organization, relations or practices of contemporary industry, yet our experience in the 1980s suggests that we are premature if we imagine that we have leapt into some kind of service-based, post-industrial utopia. So social democrats also continue to stress wage-earning in the formal labour market as that which motivates individuals and drives a society and its economy, their approach to leisure and free time is therefore largely formalistic - though if social democracy still implies some reference to democratic socialists then the latter have often given a functionalist interpretation, i.e. leisure is an opiate which distracts workers from the real issues of ownership and control. Even so, their continuing commitment to social justice means that social democrats are likely to value and reward activity which falls outside of the formal labour market, so long as a social utility is still in evidence. The democratic Left, finally, feel that we do now live in a post-industrial era but that, if the inequities of economic liberalism are to be avoided, this era must also be one of post-employment, i.e. markets should be made flexible in terms of our needs, not vice-versa. This means giving greater emphasis to exchange and organization in the informal economy, where free time and the spaces of leisure activity are capable of breaking the equation between work and employment and of forming the basis of a post-industrialized version of social justice.

We can see, then, how these conceptions tie in with those of the previous chapter. For economic liberals, the citizen as consumer identifies with wage-earning activity; for social democrats, the citizen as client is that person who is either temporarily absent from the formal labour market or is simulating such activity as a carer, student or volunteer; for the democratic Left the citizen as

'open space' is the source of value and usefulness, so that there is relatively little human activity which is not deserving of recognition and remuneration. Now, what are the implications of these points for social security and CI?

In the area of formal activity, economic liberals tend to welcome the emergence of a dual labour market for two reasons. Firstly, because it implies a core of highly skilled workers capable of working with new technology and software. Secondly, because the low-paid, low-skilled, peripheral workers of the secondary sector provide the economy with a flexibility that allows it to expand and contract quickly as circumstances require. This goes hand-in-hand with an apparent condemnation of the black economy - especially where social security fraud is concerned - while in truth welcoming the economic generation which such activity brings. Therefore, so far as the formal economy goes, the emphasis here is upon supply-side measures. For the social security system this either means the scaling down of benefit levels as they currently exist, and/or the introduction of greater selectivity in benefit entitlement. In any event, the emphasis is very firmly upon cutting the social security budget and upon introducing more flexible provision to encourage (post-) industrial competitiveness and self-responsibility.

In the area of domestic labour, the more socially conservative aspects of this ideology come to the fore. It is thought proper to keep women largely in the home to perform traditional roles - especially child-rearing. Yet at the same time the suitability of the familiar housewife for the part-time, insecure jobs of the secondary labour market is obvious. It may be, indeed, that employers structure the hours of such jobs to fit in with the domestic responsibilities of such women. Think of the hours of cleaners, for example. Are early morning or late evening hours simply for the benefit of office workers? So far as segregation along the lines of gender is acknowledged, it is believed that any discrimination - overt, or otherwise - will be eradicated over time by competitive markets. For the most part, though, differing opportunities in the job market are thought to reflect natural differences in aptitude, skills and desires. By and large economic liberals opt for changes to the taxation system to ensure that household income is sufficient, without supporting a notion such as a 'family wage', since this would only serve to place extra burdens on employers. So when it comes



to the social security system, taking the household as the prime assessment unit would seem to be called for.

In the area of free time economic liberals seem to share some of the ideas put forward by a conservative like Daniel Bell. Consumption is an increasingly necessary feature of a capitalist economy, but cannot be allowed to overwhelm production if that economy is to flourish, and even survive. If this is to happen, and if the economy and the polity are to be kept rigidly apart, then 'economic man' must orientate himself in terms of economic imperatives, i.e. he must be self-sufficient. This should be reflected in his use of free time: a certain amount of conspicuous consumption as a reward for hard work certainly, but not too much. And for those who fall onto the margins of the labour market, idleness should not be allowed to decline into welfare dependency - as is the case in the United States, it is thought. So, some form of communal service might be appropriate for those, especially the young, who are in danger of becoming dependent. In reforming the social security system, therefore, the priority must be 'incentives': to encourage work, i.e. employment, and discourage idleness.

So, the Right give a broad welcome to the shape of the current labour market. They welcome the flexibility which duality brings, while regarding the employment ethic as something to be valued and preserved. Economic liberals therefore welcome tax and benefit integration to the extent that it rolls back the bureaucratic, administrative and tax-eating welfare state and facilitates the kind of labour market flexibility which our service-based, post-industrial economies require. However, no integrated system should pay so much that it reduces work incentives, encourages labour market opt-out and so actually increases welfare dependency. We will see in chapter 6 to what extent NIT manages to satisfy these two sets of criteria.

Though they disagree as to whether existing society is, or should be, a post-industrial one, social democrats and the democratic Left both retain some notion of social justice, which I will simply take to imply a freedom from economic necessity. It is this commonly shared objective which, here, allows us to deal with both ideologies simultaneously. What is of more importance, since we are discussing social security reform, is exactly how this freedom is to be brought about. Social democrats would like to retain social insurance as a

popular measure which has not yet had its day, while the democratic Left's post-industrial emphasis leads them to believe that social insurance alone cannot overcome the inequities created by failing to stress the virtues of informal activity. In the previous chapter I mentioned that both social democrats and the democratic Left are capable of supporting a set of economic rights. I will now outline what I mean by such rights in order to highlight the similarities and differences in their approaches to employment, work and free time.

Economic rights, firstly, imply a right to employment: a right of access to wage-earning activity capable of supplying to *individuals* an adequate income - one which meets basic needs and, above this, permits them to pursue their freely chosen life-plans. Such a right cannot be realized where individuals are faced with two basic options: full-time employment or full-time unemployment. The current inability of part-time jobs to provide such an income prevents individuals from having greater control over their lives. Such jobs can be useful *supplements* to income from other sources, but it is very difficult to rely solely upon part-time employment in such a way that poverty traps can be avoided. Given the misconceptions upon which the social security system was based - that full employment could be maintained and that women should be treated as dependents - new conceptions are required. This would provide men with alternatives to remaining within the labour market, and women with alternatives to remaining within the home. The problem is that benefits are conceived largely as *replacements* for loss of earnings. Instead, we need to renew our efforts to realize one of social policy's central goals: to guarantee a minimum level of income.

But how is this to be done? Either through a retention of benefits as 'earnings-replacements', but with reform to end the 'wage or welfare' syndrome, or through a CI. CI could, in turn, either retain some notion of conditionality (to preserve the popular acceptance of a desert-based ethic), or be completely unconditional in order to more fully embody a citizenship ethic. Both social democracy and the democratic Left are receptive to the belief that the informal economy should become less marginal and more a site of valuable, rewarding activity distinct from paid employment. Both, therefore, must address this question and consider these two options.

If this right is granted then another aspect of economic rights

follows: a right to work, which here refers to both household and communal activity. This right means making such activity far less of a burden than it is at the moment because it has to be performed as an addition to the effort of full-time employment or the despair of full-time unemployment or the insecurity of part-time employment. So, by a right to work is meant: a right to have that activity which is unpaid, because it falls outside the formal economy, recognized as socially and economically valuable and rewarded as such. Again, both social democracy and the democratic Left must consider whether this is best done through a reformed social insurance or CI.

Furthermore, this is crucial if each ideology is to make itself compatible with the concerns of feminists. As we shall see in chapter 10, most domestic labour involves caring - for children, spouse, elderly or disabled relatives - and most of it continues to be done by women. But 'women's work', however necessary, is undervalued and not subject to economic calculation in the national accounts. A right to work would not remunerate such activity as if was surrogate employment, but it would acknowledge the private value and social utility of unpaid work, so enhancing the status of those performing it and providing an independent income to many women for the first time ever. The objective would be to end the sexual division of labour. This would mean erasing any such notion as 'women's work', and ensuring that domestic labour is gender-free. So any social security reform should enable employment patterns to shift to the point where agents are increasingly released from market rationality.

Finally, economic rights imply a right to free time. The difficulty is in defining free time and leisure activity. For instance, we might want to see leisure as a time-activity free from obligation; however, there are semi-leisure obligations which come under the heading of domestic labour. Whether the maintenance of a garden implies obligation or not depends upon something as mundane as whether the householder enjoys the activity or not. It might be best, then, to abandon all reference to 'leisure' and talk instead of free time, leaving its content to the choice of individuals. This right therefore means: a right that the time required for the earning of an adequate income be minimized to the greatest possible extent, leaving the greatest possible time for activity which is autonomous and self-defined given sufficient material resources. This excludes

the possibility of defining unemployment as free time, therefore, and, again, requires a restructuring of the benefits system even if the principle of social insurance is retained.

So both social democracy and the democratic Left, I propose, are capable of giving support to these economic rights. However, their disagreements as to whether we do live in a post-industrial society and *should* live in a post-employment one means that they will differ in their strategies for realizing such rights. I will show in chapter 7 why and how social democrats wish to retain social insurance, albeit with a more generous system, and so remain suspicious of an unconditional income like CI; in chapters 8 to 10 I will argue that the democratic Left should embrace CI if it is to iron out some of the more fundamental inconsistencies between market socialist, ecological and feminist perspectives.

## 7. Conclusion

This chapter began by arguing that capitalist modernity takes work as its highest moral virtue. For 'work', as socially-meaningful and productive activity, is that most suited to an era where religious faith is entering a long-term transformation. We need, therefore, to understand how the predominantly religious work ethic evolves over time into a secular employment ethic where paid employment is that which is prized above all. This evolution was less traumatic than we might at first imagine, since Protestantism increasingly had to accommodate itself to the capitalist practices it itself had helped to create. So wage-earning activity in a formal labour market gradually assumes the role of the highest social and moral virtue. Work outside the workplace is devalued and rendered invisible. As we enter our century paid employment retains this role; but after the war, given a peculiar combination of higher living standards and mass unemployment, free time (enforced or otherwise) assumes a greater significance. However, many of the theorists of leisure have tended to work with narrow conceptions of what that significance may be. The post-industrial thesis, therefore, provides a useful corrective to functionalist and formalist theories and enables us to focus upon the distinction between formal and informal economies. Economic liberals, for the



most part, regard the polarization of the formal and informal as either irrelevant or beneficial. Their emphasis, therefore, continues to be on the formal economy, they are far less willing to dissociate work from paid employment and so they have reason to be both supportive and suspicious of tax/benefit integration. Social democrats and the democratic Left both believe in giving a greater emphasis to the informal economy and allowing 'work' to take on plural meanings within a welfare state which accomodates itself to the individual, rather than vice-versa. However, there is some controversy as to whether social insurance is up to the task.

I hope, then, that I have shown that an entire economic and social history lies behind attitudes towards social security and CI. So ideological disagreements take place not only over citizenship but also over the future social significance of paid employment. Some regard paid employment as essential to a healthy society; others regard it as more peripheral. Obviously, which interpretation we prefer will determine our attitudes toward economic policies in general and employment generation in particular and, equally obviously, the desired character of the social security system alters accordingly. The next chapter, therefore, will deal with the economic philosophies of Keynesianism, Monetarism and allied themes, to tease out the importance of social security reform to debates over economic policy. As we shall see, all three ideologies feed different assumptions into, and draw different conclusions from, the debate and so we shall see why all three continue to differ in their interpretations of the social security system and of CI as a consequence.

WHICH FUTURE FOR FULL EMPLOYMENT?

1. Introduction

So far, we have engaged with political philosophy in order to understand how notions of citizenship differ as we move across the ideological spectrum and with sociology in order to understand the environments within which such citizens are thought to live and work. In the former case, we saw that disagreements over the nature of citizenship largely coincide with disagreements over the proper functions of the state and of the market and of the proper relationship between the two. In the latter case, we found differing conceptions of work, employment, free time and of the economies within which these activities take place. In one respect this re-emphasizes the widely held view that social and economic policy go together so that the purpose and design of a social security system alter as the wider economy alters. But this research is trying to make the further case that the CI debate, too, takes as its starting-point such disputes over the roles of economic and social policy. Advocates of CI and those who acknowledge its relevance are both alike in thinking that the old distinction between work and welfare is redundant. The real debate begins - both within the CI camp and between that camp and 'outsiders' - when further consideration is given as to how work and welfare should be reconceived. Once this is understood, we are in a position to turn our attention to political economy and examine alternative economic philosophies; for, obviously, our ideas regarding social policy, social security and CI alter depending upon which economic philosophy we think should be pursued. The purpose of this chapter is to substantiate this assertion.

For both Keynesianism and Monetarism theories of unemployment and full employment tend to overlap. Understanding the causes of the former allows the formation of appropriate solutions for the latter.

If demand deficiency depresses the total level of employment then demand expansion will revive it. Or, if inflationary pressures and/or supply side inflexibilities force unemployment upwards, then relevant monetary and supply-side policies will return it to its 'natural' level. Sections 2 and 3 will therefore examine Keynesianism and Monetarism respectively. However, it is the contention of the democratic Left that 'unemployment' and 'full employment' may no longer overlap so conveniently. If technological factors and international competitiveness have increased in importance, it may be questioned to what extent traditional remedies will be efficacious in the future. Ecological considerations must also be taken into account. These points are stressed in sections 4-6. In any event, this chapter will re-iterate the view held by all of our ideologies, namely that there are no easy remedies for the labour market problems which the West faces.

## 2. Keynesianism

Keynes (1954) considered the classical account of mass unemployment and its cure, through the spontaneous restoration of the supply/demand equilibrium, to be contradictory. He believed that unemployment could not be regarded as the fulcrum of economic expansions and contractions via exchange mechanisms, but that only a shift to macro-economics would fully demonstrate this. The classical economist expected a recession to facilitate, firstly, an accumulation of savings leading to a fall in interest rates and a rise in subsequent business investment and, secondly, a fall in the wage rates and also, therefore, production costs so permitting a rise in employment. But Keynes observed that if income depends upon employment then no accumulation of savings could be guaranteed. For even if wage rates do fall - which he doubted anyway - then from where are savings to derive? And if consumption has declined because income and employment have declined then what good is business investment in the first place? Instead, tax cuts were needed to stimulate consumption and, more importantly, public spending to stimulate investment. By running a deficit during a recession, aggregate demand outruns the initial investment and there is a rise in employment and an expansion in the economy.

Such ideas heavily influenced post-war policy, but did they work? We are not going to plunge into economic history, since many who do never re-surface. Nor will we deal at this point with the Monetarist's attempt to leapfrog backwards into a pre-Keynesian world. What is important here is that, right or wrong, it was initially perceived to have worked and that by the mid-1970s, right or wrong, perceptions were changing. By the 1980s full employment and low inflation had swapped places on the shopping-lists of both economists and governments. At the beginning, Monetarists may have sought to deny the validity of the Phillips's Curve, but the new economic reality and political culture they helped to initiate simply restored the notion, popularized by Phillips, that there is a trade-off to be made between low inflation and high employment. The difference was that now low inflation was to be the overwhelming priority. Consequently, Keynesians became sensitive to accusations of inflationary recklessness and have sought a long-term goal: "deferred full employment" (White, 1991, 7-11).

In certain respects, this describes the approach of the New Keynesianism. In 1964 James Meade (1993, 38-40) was studying the negative impact on employment of a combination of automation and minimum wage levels. He imagined the future conforming to one of three possible scenarios. Firstly, and assuming the operation of a minimum real wage, a dualism between privileged and underprivileged workers, with the latter having to compete for whatever low paid jobs they could get. Secondly, the squeezing of labour demand to the point where full employment is abandoned as a realistic objective. Finally, the attempt to compensate for the above by limiting the supply of labour - a measure he saw as potentially vastly inefficient. It would not be too far-fetched to say that elements of each of these scenarios have since come to pass. So Meade, following Keynes's warning about excessive wage claims, ushered in what he himself called a New Keynesianism designed to avoid any of these scenarios by combining anti-inflationary policies with a pro-growth bias. Since, realistically, space does not permit us to outline New Keynesians on an individualistic basis - Meade's ideas extend way beyond simple economics, so that even he would take us off on too much of a diversion - we will here simply sketch the principal themes and proposals of New Keynesianism.



Firstly, demand expansion is still favoured by many New Keynesians so long as supply-side measures are in place to dampen inflationary pressures. In one respect this is no different from the 'reflation without inflation' ideal which the old stop-go cycles never realised. But many insist that this ideal can be realized via the greater opportunities that now exist for international co-operation. For instance, European-wide co-ordination via a the European Monetary System to protect currencies - and interest rates - against international markets (Cripps & Ward, 1983, 93) and to ensure that any growth in demand is paid for out of higher productivity and not out of the promise of currency devaluation at a later date. However, even a Europe committed to affordable growth might only shift the problem of job creation. Even assuming that such demand expansion could be co-ordinated across all member states, would this not put Europe as a whole at a disadvantage should the U.S.A., Japan and Asia remain economically conservative?

Secondly, many proposals have been made to reform the process of pay bargaining. For instance, the annual bargaining round could be squeezed into a shorter time-period in order to discourage occupational groups from leap-frogging over one another, in an attempt to maintain differentials, so promoting wage inflation. Another proposal is Layard's (1986, 4-5) tax-based incomes policy. This would be statutory but would avoid price freezes and strong-arm corporatist tactics. If employers award wage increases above the stipulated percentage they would have to pay a tax on the difference so that both they and employees would need to adjust their behaviour. It might be, however, that this would penalize those who have to pay above the norm to attract labour, could be avoided anyway and would require complex administrative machinery (Standing, 1986, 110).

Thirdly, some have supported import controls. John Eatwell (1982, 154) insists that unemployment is itself a form of protectionism designed to cut imports, so that it is fair to replace this form with another. This, he thinks, would not lead to retaliations since it is other countries which would have the most to lose. Indeed, planned trade on an international level would be ideal. Others believe that a protectionist war would ensue and that even if one were avoided industry would become more cautious and inward-looking (Hawkins, 1979, 98-100).

Fourthly, a consensus exists on the necessity of improving skills

training to prevent labour market 'blockages' and bottlenecks (Hughes & Perlman, 1984, 227). There is, however, controversy on the possibility of compulsory elements in any new system. That by,

...depicting training as the means of solving unemployment and creating a more competitive economy, the less laudable and less emphasized objectives will prevail. (Standing, 1988, 100)

In other words, such measures are not geared to the long-term capacities and potentials of individuals. It would be socially degenerating if a great number of people spend their lives in a whirlwind of short-term jobs and short-term training

Fifthly, changes to the social security system have also been advanced. To depress wage demands it has been suggested that unemployment benefit be reduced; for instance, the young, especially, should have their search-time shortened. However, it is recommended that at the same time there should be: higher redundancy pay for older workers; higher benefit for the longer term unemployed; an increase in the earnings-limit - to reduce the poverty trap; the continued payment of benefit during certain periods of employment (Sinclair, 1987, 273). Also, benefits could be paid to employers as an encouragement to take on the long-term unemployed. We will be examining the principles of New Beveridge proposals in chapter 7.

Finally, Layard (1986, 92) has estimated that to reduce unemployment by 1 million or more would require an output growth rate of at least 4% for some years, as happened between 1933-7. Indeed, all of the above proposals seem to depend upon, or accompany, substantial increases in economic growth. Another typical estimate is for growth rates of 3-4% sustained over a number of years to reduce unemployment by 1% per annum (Kreisky, 1989). Yet the sad fact is that few countries have achieved such rates recently.

These represent the most general ideas of the New Keynesianism. Let us now examine two proposals more closely: job or training schemes and labour supply reductions. Many job or training schemes have been designed but all tend to follow a basic pattern. After a certain amount of time spent unemployed - often twelve months - claimants are offered a job or training placement to last for a specified time with also, perhaps, an uprating in their benefit level. This would then make the long-term unemployed more attractive to employers by updating their skills and re-introducing

them to the world of work (Philpott, 1991, 58-74). Supporters are often certain that it would substantially reduce unemployment and Sweden's programme is cited as proof.

What supporters are concerned to do is to distinguish such schemes from workfare. If we define workfare as being required to work in state-provided employment on pain of benefit withdrawal then what features must a genuine job-guarantee scheme demonstrate? Firstly, the unemployed should be free to take up the offer or not, without fear of benefit withdrawal. Secondly, the job or placement should offer an attractive package at, or close to, the average weekly wage. Citing Sweden, therefore, is not entirely justified. Its programme has never been voluntary since anyone unemployed for 13 months has been required to join or lose eligibility for benefit. According to the brief definition above any element of coercion is illegitimate. If a proposed scheme is genuinely helpful and attractive then no coercion will be needed and if it is not then any coercion violates individuals' status as citizens. Of course, the issue is blurred by those workfare schemes which are supportative rather than disciplinary and seek to provide a helping-hand rather than a stigmatizing label. Even so, my definition stands. A helping-hand is no such thing if refusal is, ultimately, not an option. Compulsion with a smiling face and a name-tag is still compulsion. The unemployed are entitled to ask why they are required to work or train when they are not free to do so. Layard cites Beveridge as supporting the conditionality of benefit receipt:

The main attractions of denying income support to the long-term unemployed who refuse work placements is that it would...eliminate long-term unemployment. As Beveridge pointed out, it is not clear that it is in the interests of the unemployed to be allowed to degenerate at home rather than face some kind of challenge. (Layard, 1986, 109)

But Beveridge was living in, and imagining, a world where paid work was the norm and full employment could be maintained. Time and again he wrote that the benefit system was unworkable under conditions of mass unemployment - by which he meant hundreds of thousands. What is just is social and economic conditions where coercion is not only immoral but unnecessary. A proper placement scheme would help those whom it targets and reduce long-term unemployment but could do nothing in itself to create those conditions. Anything less



individualizes unemployment, blames the victim and diverts attention from the real problem.

Another popular proposal to be found in and around New Keynesian circles is systematic reductions in the supply of labour. There are two means of doing this. The reformist way involves raising the school-leaving age, lowering the retirement age, reducing overtime, extending holidays (and introducing work sabbaticals), encouraging more skills training and splitting full-time into part-time jobs. These proposals tend to be viewed as only marginally efficacious, helpful but not a panacea. So, Hawkins (1979, 123) believes that overtime would be resisted by employers whose first priority is increased output and employees who would be reluctant to see a drop in their earnings. Increased holiday time would be absorbed by either greater overtime or productivity. However, earlier retirement could be economically feasible. For Layard (1986, 156-8), such proposals are only workable if output and employment are increased by expanding output demand. If unemployment falls, for whatever reason, inflationary pressures are created threatening output and so lowering employment in the long-run. Hours of work should, and have, come down but not as a panic reaction to unemployment. Keane and Owen (1986, 175), however, believe that a strategic combination of the above measures could be useful.

Such doubts apply all the more to the 'revolutionary' alternative - taking us some way beyond New Keynesianism, admittedly - which is to co-ordinate from the highest level downwards a long-term systematic reduction in working time. Gorz (1982) has long championed a 20 year programme to bring the minimum working-life down to 20,000 hours. The problem with this approach is that either this needs to be a statist, centralized policy with all of the attendant dangers, e.g. that it requires mass labour mobilization and regulation and might in any case end up undervaluing unpaid work, or that it would require a wide-ranging change in social attitudes which might, even then, backfire without centralized control. So you might still be left with resistance to, and the additional problem of whether to force, change. Nevertheless, supporters point out that increases in free time as against wage increases are more popular than often thought. Also, that large-scale reductions face difficulties no more considerable than any other serious proposal to end mass unemployment (Cuvillier, 1984, 21-3 & 149-50).



So, if there is anything which distinguishes the new from the old Keynesianism it is the emphasis which the former have given to inflation-control and supply-side measures - which is not to suggest that Keynes was unaware of inflationary dangers. The problem is that demand expansion is no longer advocated on the scale which it once was. Economists are wary of doing so given the inflationary problems that had appeared by the 1970s and the fact that certain measures, such as growth in public sector spending and employment, cannot continue indefinitely. Nor are supply-side measures likely to make up the deficit. Paying subsidies to employers, for instance, may reduce the number of long-term unemployed but does not in itself reduce unemployment per se. The bulk of unemployment is caused not by workers lacking the training to fill available jobs, but by the non-availability of those jobs in the first place, i.e. a lack of the very demand which nation-states seem unable or unwilling to stimulate. New Keynesianism's combination of demand- and supply-side strategies might reduce unemployment to some extent, but there are few who imagine that it would re-create full employment.

### 3. Monetarism

In one respect, there is a self-evident relationship between the money supply and the price level. What is highly contentious is the directness of the relationship that is posited. Monetarists tend to believe not only that an increase in the money supply translates directly into the increased demand for goods and services which causes inflation, but that an economy can be run on the basis of constantly squeezing the money supply to produce the opposite effect. Monetarists therefore reduce all economic activity to a function of this direct relationship. Furthermore, they interpret all political and social organization in these terms. Less charitably, Monetarism may be characterized as politics in disguise, an ideology dressing itself up as a science. Such accusations are levelled especially against the Monetarist theory of unemployment.

Full employment was never really defined, except in a tautological sense, i.e. more jobs than men (sic). Friedman proposed an alternative:

The 'natural level of unemployment'...is the level that would be ground out by the Walrasian system of general equilibrium...(1968, 8)

A free market is one where supply and demand balance each other out. Where this does not occur the market is still subject to inflexibilities and tendencies towards disequilibrium and in a labour market this means rigidity of wage bargaining and inflationary public spending. Full employment is a fictional pot of gold, the delusionary pursuit of which removes it ever further from us. Rather, we should conceive of a Natural Level of Unemployment or Non-Accelerating Inflation Rate of Unemployment (NAIRU). This is the point at which all unemployment really is purely involuntary, the point at which all markets clear since wages simply will not fall any further.

For Friedman (1968, 10-11), Keynesian-inspired politicians ignored the fact that wage rises are demanded in anticipation of expected price rises. Artificial attempts to reduce unemployment, i.e. reduce the supply of excess labour, merely leads to a situation where money wages outstrip the growth in output. As the wage demands of an over-saturated labour market chase expected price rises so, consequently, does inflation rise which leads, inevitably, to still higher wage demands being made. A vicious cycle is thereby created which risks spiralling out of control. Repeated attempts to reduce unemployment will drive the same cycle with increasingly higher and unstable rates of inflation. The real solution, then, is to allow unemployment to rise so that money wages are depressed, inflation falls, people are priced back into jobs and NAIRU becomes consistent with sustainable levels of inflation. Monetarists predicted that if such strategies were not adopted then we would see simultaneous rises in inflation and unemployment, a prediction they felt had come to pass with the stagflation of the 1970s - Friedman believing that oil price rises could not account for the phenomenon (1977, 459-63).

Monetarists, therefore, denounced a number of social policies as pernicious. Minimum wages, it is said, force production costs up and therefore employment levels down, as does union-friendly corporatism which allows unions to negotiate the wages of their members (the insiders) above the market-clearing level so that the wages and employment opportunities of 'outsiders' suffer accordingly. What is more, generous levels of unemployment benefit

encourage the unemployed to search longer for paid work than they otherwise would. Employment protection measures also load costs onto employers, thus reducing the attractiveness of labour compared to labour-saving capital - though it is sometimes admitted that long periods of notice can reduce unemployment during growth periods by permitting job search (Brittan, 1975, 44-63). The Welfare state is denounced, of course. High public spending, high taxes and reducing the costs of being unemployed are all thought to discourage work and encourage inactivity. It is government spending and interference which makes the price mechanism rigid and creates spiralling inflation and unemployment. High taxes destroy jobs and reduce incentives to save and invest. An extensive public sector crowds out the initiative and creativity of the private sector (Friedman & Friedman, 1984, 110-7).

The solutions proposed to bring down unemployment include: cutting benefit levels; creating a jobs pool (workfare); tax reductions; privatization; NIT; union regulation; abolishing wages' councils; liberating the private rental housing market; abolishing employment protection and compulsory health and safety regulations - since employers will have a market incentive to provide decent pay and conditions (Minford, 1985, 2-7). A labour market, contrary to what the Left believe, is by no means a buyers' market since there is no monopoly which could not be competitively challenged by other buyers (Minford, 1985, 123).

But the great unacknowledged assumption being made here is that the labour market is comparable to other markets. However, labour cannot be treated as a commodity for two reasons (Offe, 1985, 150). Firstly, it does not have the option of withdrawing from the market should exchange conditions prove to be unfavourable. Secondly, it does not have the capacity to exist at the market-clearing wage level a perfectly operating labour market would pay. Since the Left and the Right differ as to what the structural characteristics of any market are, these differences become especially acute when considering the labour market. The Right sees the measures outlined above - minimum wage and so forth - as hindering the emergence of perfect competition. The Left, however, insists that the Right's version of a 'natural' labour market is really just an oligopsony - many sellers and few buyers - so that proposals motivated out of social justice give the sellers, i.e. employees, more power and so both humanize and

equalize the labour market. And even were it to be granted that a greater degree of competition could and should exist, the labour market may be inherently non-Walrasian, i.e. does not clear. The 'insider-outsider' theory suggests that there are costs of firing old workers, and hiring and training new ones, which are both ineliminable and expensive, making it uneconomical to shed labour except in the direst circumstances and so giving workers an automatic bargaining power above any market-clearing level. The 'efficiency-wage' theory, meanwhile, suggests that high productivity can only be expected from paying high wages, since this means that workers will take fewer of the risks that may cost them their jobs and will have incentives to do well (Van Parijs, 1991, 123; White, 1991, 94). Wages may, therefore, never be subject to the kind of downward flexibility which Monetarists imagine (Lal, 1977, 51).

Of course, the genius of the NAIRU model is that it allows you to say virtually anything since NAIRU cannot actually be calculated. It does not really matter whether inflation is low and unemployment high, or vice-versa: either scenario may be represented as NAIRU so that even the favourable one allows Monetarists to insist that a downward pressure be kept on inflation via draconian supply-side measures. Indeed, any degree of unemployment can be made to seem voluntary if you try hard enough (Godfrey, 1986, 77). It may also be that market liberation does not lead to greater investment. If increased competition produces uncertainties and penalties for market failure then a greater reluctance to invest is likely to result (Keane & Owens, 1986, 97-8). And if a recession causes people to hoard, rather than spend, their income then demand cannot be said to follow supply in all cases - which Say's Law, much beloved by Monetarists, denies - and draconian measures against the unemployed are therefore as stupid as they are inhumane. So, a large amount of empirical evidence has been summoned up to counter Minford's (1982, 74-5) thesis that trade unions cost a million jobs. Hawkins (1984, 24) argues that there is no proven correlation between increasing benefits and increasing unemployment. If anything, the opposite is true since between 1979 and 1984 replacement ratios declined as employment fell considerably (Hawkins, 1984, 31). The same logic applies to minimum wages (Hughes & Perlman, 1984, 122-3; Standing, 1986, 47-51 & 60-74).



However, such ideas came to have great sway in the 1970s with those who believed that Keynes had had his day. The fact that the NAIRU model was both simple and unverifiable enabled Monetarists, once in power, to both appeal to the full employment ideal and preside over rising unemployment. This sleight-of-hand may well explain their dominance of the economics of the 1980s. Indeed, it may be questioned whether, on this issue, the difference between Keynesians and Monetarists is so great after all. Showler argued there is,

...no necessary difference between the full employment of the one and the natural rate of the other, only difference in interpretations of why the actual rate of unemployment exceeds these positions, and in the nature of policies required to return to the full natural rate of unemployment. (1981, 42-5)

The percentage to be aimed at is academic, he thought, since both sides introduce flexibilities into their targets when it suits them. If so, it is the continuities between the two sides which should be emphasized and we are justified in asking whether their common assumption - regarding the desirability of an employment society - is tenable any longer.

So, we saw in the previous section that the New Keynesians have, over the last thirty years or so, sought to make Keynes's original insight - that market equilibrium is by no means a natural state-of-affairs - consistent with an era when fear of inflation prevails and confidence in demand management declines. However, it is not yet clear whether proposals along these lines are likely to be efficacious or, even if they are, whether they will restore previous levels of employment. In this section, we have looked briefly at Monetarist alternatives and the proposition that market interference creates more problems than it solves so that free markets represent the only way forward, even for those who value something called social justice. However, Monetarism often has little moral appeal, intellectually it ignores the fact that the real world often does not conform to the laws of economics and, empirically, the evidence for its propositions is doubtful. Against the recommendations of both Keynesians, i.e. social democrats, and Monetarists, i.e. economic liberals, the democratic Left suggest that we should now be far more sceptical as to whether a diagnosis of the economy's ills necessarily entails a prescription as to its

remedies. This is so, firstly, because economies have moved away from the fordist methods which have defined so much of twentieth century production. We need, therefore, to examine the impact of the new technology on economic philosophies. Secondly, we no longer live in a world economy of independent nation-states. The interdependence of national economies, which is as old as world trade itself in one respect, has intensified. This requires us to take a look at international factors. Finally, we now need to be far more sensitive to ecological factors. An economic strategy which ignores its impact on the environment will not only be ineffective but also highly damaging. With their commitments to an employment society - which, as we saw in the last chapter, implies emphasizing the employment ethic within the formal labour market - it is not clear that Keynesian social democrats and Monetarist economic liberals have fully grasped this as yet. So, we will continue this chapter by looking, in turn, at technology, the international division of labour and ecological issues.

#### 4. Technological Factors

Technological unemployment is as old as technology. With automation labour is made more productive, which either means that labour will be shed to bring down production costs or that labour will remain a constant so that output may grow, either way yields profits. So, over a long stretch of time industries will decline creating structural imbalances between labour supply and demand. In short, employment-patterns alter as demand- and production-patterns alter. The question is, can the decline in the number of full-time jobs since the 1960s be attributed to technological innovation or not? Obviously, such innovation plays some role, but to what extent? This is an important question since those who attribute a considerable role to technology are likely to have different recommendations regarding economic policy to those who see technology as relatively marginal.

Before adressing this point, what is meant by the 'new technology'? Firstly, it implies a shift to information technology where companies are smaller than was the case with the old manufacturing firms and where production is more flexible,

programmable and capable of responding quickly to consumer demand. Therefore, the production process is less Taylorized than previously and based far more on the autonomy and innovation of a core of highly skilled workers. Secondly, this means that industrial, or post-industrial, sites are more likely to be broken-up and dispersed geographically with obvious implications for both urban centres and labour organization. Finally, we might also identify a globalization of such information and communication networks, a technology which is 'virtual' and which spills across national borders in a manner undreamt of by our older conceptions of multinational companies since the 'national' no longer presents a border to be conquered but, rather, a space to be absorbed. Such globalization, therefore, is the unmappable market of the postmodern commodity which is produced and consumed everywhere and nowhere (Lash & Urry, 1987). These 'soft', decentred and global aspects of the new technology were at the centre of the post-fordist thesis of the 1980s (Hall & Jacques, 1989).

Now, what of our question regarding the significance of such new technology to employment? We might identify three broad responses to this question about the role of technology. Pessimists - Charles Handy (1989) and James Robertson (1985) outline this scenario without necessarily being pessimists themselves - are those who see technological innovation as essential to the decline of mass full-time employment and so as leading inexorably to permanent, mass unemployment. Their vision of the future which is on its way is one where, in a dualistic economy, 'leisure' is imposed upon those for whom the employment society no longer has a use. If this is to be avoided we must contemplate and work towards a more egalitarian scenario where leisure and paid work are distributed to all. But the trouble with this response is that it is too deterministic, too quick to see a revolutionary break with old practices and techniques and ignores the capacity of societies to adapt to new realities. We are not faced with such an either/or future and should not throw ourselves off a cliff in the belief that it is about to collapse in any event.

Optimists, meanwhile, are those who stress that technological innovation has only ever resulted in short-term unemployment. There is no reason why society cannot adapt to new changes, nor do we need to conceive of any radical, egalitarian reform. Instead, what is

needed is government action to encourage new industries, initiate occupational retraining and facilitate geographical relocation. The persistence of the new unemployment since the 1960s is simply due to the inadequacy of governments' responses to the new technology, given the corporatist inertia of the 1970s and the hands-off dogma of the 1980s (Eatwell, 1982, 146; Layard, 1986, 10). For technology to have been a major factor in creating mass unemployment we would need to have seen the kind of increases in productivity which are truly labour-displacing, yet such increases have been few and far between. It is therefore incredible, to the optimist, that technology is still the *bete noire* for so many. The problem is not technological change as such but our inability to cope with it, whether that inability be the fault of capitalism itself (Marstrand, 1984, 40-3) or of interventionist governments.

The optimists, though, presuppose that the new technology involves no new qualitative leaps over the old, the assumption being that meaningful comparisons can be made with 200 years ago. But if product-innovation (what is made) is now being outstripped by process-innovation (how it is made), then we cannot simply expect history to conveniently repeat itself (Marstrand, 1984, 103-23), as if technological critics are merely modern-day versions of the Luddites. An argument to the effect that new industries will come onto the scene to mop up the labour displacement produced by technology wrecking old industries may be somewhat premature, since it ignores the fact that the late twentieth century's new industries are now labour-displacing from their very inception (Keane & Owens, 1986, 20-1). The computer may open up new markets for economic activities (Beenstock, 1983, 23-6), but if those activities are dominated by the computer then new industries will no longer be the sources of mass employment, as was the case in the industrial era. Nor can we simply rely upon growth in the service sector, at least not so long as it is meaningful work which we desire. For if we are moving into a self-service economy then few major opportunities from the service sector can be expected (Gershuny & Miles, 1983, 231).

Pragmatists, finally, are those who try to avoid both the technological determinism of the pessimists and the economic determinism of the optimists. They do not under-estimate the impact of the new technology but still feel that economic and public policies can be devised to neutralize its negative aspects - even if



such policies require a radical re-think of traditional orthodoxies (Freeman et al, 1982, 189; Freeman & Soete, 1987, 245-9; Dore, 1987, 215-21). Such pragmatism does somewhat take on board the objections mentioned above, but threatens to make a further mistake. If we only look at the headline, total level of employment then the true impact of technology is easy to misread, i.e. we ignore changes to the nature of employment. If the replacement of full-time jobs with part-time jobs, short-term and zero-hour contracts, homework and so forth is a trend likely to continue then we need to look beyond the headline rates of unemployment to the very nature of work itself. We need to ask questions not only about the distribution of income but also about the distribution of symbolic goods, i.e. how do we ensure that employees feel that they are truly contributing to the good or service being produced and are participating in a collaborative process with fellow workers? It is not too difficult to think up schemes to transfer income to those who work in McJobs, but if such jobs are dead-end and inherently unsatisfying then exactly how is 'welfare' being generated? So the pragmatist's response seems fair enough. We cannot rely upon either market forces or state intervention as suggested by the optimists. Nor should we succumb to the pessimist's bifocal vision of either a utopian or a dystopian future. However, to the extent that the pessimist at least makes an attempt to look beyond our employment society then he may offer the pragmatist a decisive way forward; and even if this conclusion is not accepted it should be clear that the new, process-innovative technology offers a challenge to the old assumption that to understand an economy's problem was to be half-way to finding a solution.

##### 5. International Division of Labour

Earlier we partly defined the new technology as implying a globalization of production, what do we find if we focus upon this aspect? With the world economy now more of a single, organic, reflexive capitalist system than ever, industrial sites are being re-located across the world for three main reasons. Firstly, the third world can provide an inexhaustible, cheap, manipulable reservoir of labour. Secondly, the production process is now such

that only low levels of skills are required at the periphery of the production process. Thirdly, improved transport and communication permit multi-geographic assembly. Simply in order to survive all major companies are forced to adapt to these new conditions and take account of them when considering future expansion and investment, thus helping to create a world industrial reserve army (Frobel et al, 1980, 8-15).

Since, compared with the developed West, newly industrializing countries can offer a fraction of the wage costs, a longer working day, equivalent productivity and barely-existing employment protection they are no longer merely the suppliers of raw materials. This does not automatically mean that companies can simply re-locate in order to take advantage of such conditions, even if this is what they would desire, since there are obstacles to capital migration such as the immense costs of transfer, costs which only the large trans-nationals can meet. It may also be argued that international competitiveness only accounts for a small percentage of Western unemployment. Nevertheless, the significance of such international competitiveness remains considerable. Firstly, even if it is unconvincing to make it a scapegoat for Western unemployment, international competitiveness undoubtedly has been a major factor in the depression of wages in the West. Western wages are expected to compete with lower wages in the third world while being completely unable to do so, given the higher standards of living and of welfare security to which we have become accustomed. Despite this, secondly, a global, economic culture has been fostered where it is the needs of Western capital which come first and foremost, so that free trade may be promoted despite the protests of many in the third world, and anti-welfare policies initiated in the West, i.e. in pursuit of the kind of regimes (with low public spending and low job and income security) which continue to dominate in the East. Finally, it is still rare to see the full implications of international trade taken into consideration by those who insist that full employment, as traditionally conceived, is the principal means of achieving social justice. And even if it were, how does this kind of justice square with the kind of global justice mentioned in chapter 3? Also, though the international division of labour has benefited many in the third world, are such growth-oriented economies compatible with the kind of ecological concerns we will now go on to consider?

## 6. Ecological Factors

Though we risk anticipating certain aspects of the debate in chapter 9, the ecological implications of the economics of unemployment are too important to ignore.

John Eatwell (1982, 147) observes that economic well-being is linked to desirable improvements in living standards. Environmental problems may exist but, he observes, they may be taken into consideration without growth having to suffer. For instance, research and development can be geared more towards energy-saving. Beenstock is yet more scathing of ecological economics. He portrays the 'limits to growth' theorists as the same doomsayers who have always mistakenly imagined that resource-depletion would lead to economic crisis. Their error is to ignore the fact that knowledge is not a constant:

...even if resources are finite market forces will provide plenty of advance warning since the prices of these resources will rise gradually over time...(Beenstock, 1983, 158)

So, as resources dwindle, the prices of such resources rise, fewer people can afford to buy them, demand falls and, therefore, those resources are conserved. Similarly, pollution penalties, costs and taxes can be introduced which ensure that excessive pollution is unprofitable.

Beenstock is here attempting to represent the environmental impact of growth as a cost that can simply be taken into account by familiar supply-demand analysis. But can environmental damage really be treated in this way? To propose that a free market can be environmentally benign is to imagine something like the following. Think of the point at which all of the world's resources are exhausted as a horizontal line. For several centuries now we have been utilizing and largely destroying those resources and, as such, we have been accelerating towards that line. However, Beenstock's argument is that as we near the line of absolute resource depletion the prices of those resources rise and, according to the familiar law of supply and demand, they are conserved. In other words, our path towards the line of absolute depletion begins to curve; and as resources become fewer and prices higher, so the more we curve away from the line we had considered to be our inevitable destination.

Logically, then, the conservation which the market unintentionally gives rise to resembles a curve which is asymptotic, i.e. we will always be approaching the point of absolute resource depletion without ever actually reaching it. But could this model apply in reality? Does it make sense to say that a lump of coal or a gallon of oil can rise to astronomical prices? What would be the social and political implications? And would not pollution prevention make better sense than a pay-as-you-pollute rationale? Put simply, those who believe that the the environment is a market-type mechanism should not be given the benefit of the doubt.

Ecologists make this point all the time and so are equally suspicious of economic liberals and social democrats - like Eatwell. We are reaching the point where capital accumulation, and Keynesian demand management (Henderson, 1988, 37), risk destroying the material base of their own existence (Singh, 1976, 3-7). Nor can conventional economists object that an ecological society would be one of mass unemployment, and therefore unsustainable. Since market failure results from a *lack of growth* in a *growth-dependent* economy, ecologists cannot be charged with advocating unemployment and stagnation as an alternative to growth. It is the current system which presents us with the options of environmental destruction or mass unemployment (Porrit, 1984, 46). A steady-state economy is one where the quality of life, and not traditional economic criteria, is paramount (Mishan, 1977, 107-8). This means an equitable sharing of work in both the formal and informal economies, with an emphasis on the quality of such work and on that of technology (Ekins, 1986, 132), so that employment should only be one of a number of the income sources which enable us to flourish (Meadows et al, 1992, 215).

In short, ecologists say that we may not be able to afford the mass employment which, traditionally, has been thought of as the *sine qua non* of well-being and welfare. Now, whatever the cogency of such arguments it is sadly the case that the mainstream of political economics has failed to take account of them. Either lip-service is paid to ecological concerns or relatively minor action is advocated (as with the Rio conference of 1992). Lamentably, those concerns have yet to penetrate social policy debates to any great extent. The Social Justice Commission (1994, 23) sidesteps them completely, conveniently leaving the way for their 'growth is good' ethos.



## 7. Full employment, Social Security and CI

Social democrats, naturally enough, tend to be Keynesians - in the past, this has included democratic socialists (who obviously make much more room for state ownership and planning, at the same time), though it is not clear whether they will be satisfied with the emphasis which Keynesians now give to the supply-side, especially if this implies a deflationary Europe; economic liberals tend to be monetarists; and the democratic Left, while preferring high levels of employment, are sceptical regarding the return of full employment for the reasons given in sections 4 to 6. So, we are now in a position to ask three questions. Firstly, how do our ideologies differ in the meanings they attribute to full employment? Secondly, what are the consequential implications for social security? Thirdly, how does CI fit into the picture? Let us look at each of these in turn.

Our three ideologies do not share a common economic goal when it comes to full employment, for, if they did, it would be relatively easy to isolate this goal and then distinguish between the divergent proposals for achieving it. But things are not that simple and we are faced with disagreements over ends as well as means. Keynesian social democrats are those most committed to full employment as traditionally understood. This means that labour supply must not be allowed to exceed labour demand to any great extent. There may always be unemployment, in the sense that there will always be those who are unable to find jobs which suit their tastes, needs and skills, but a healthy labour market must be one where no-one is involuntarily unemployed for very long. As more women and more part-time jobs have entered the labour market, the logic of attempting to define and calculate a headline rate of unemployment has become more anachronistic. At the moment (September, 1994), for instance, there are 2.2 million officially unemployed. Yet this figure does not allow for those who are not caught in the statistical net, but ought to be, nor those who, out of short-term necessity, are in inadequate (often part-time) jobs which offer little long-term security. In other words, Keynesian social democrats are going to have to conceptualize and institutionalize more qualitative definitions of what it is to be unemployed if the concept of full employment is to be salvaged and re-introduced as a coherent political goal.

Monetarists, as we have seen, will have none of this. Full

employment, they insist, is an entirely artificial objective, a creation of Keynesianism itself rather than that which justifies Keynesianism. As such, full employment has become something of a Frankenstein's monster where all attempts to tame and pacify it only translate into yet more uncreative destruction. In less colourful language, the policies designed to pursue full employment only let inflation rip. As an alternative, we need to conceive of a 'natural' level of unemployment which is that level achieved when all markets clear, for only when such a Walrasian point of equilibrium is attained may we define any remaining inactivity as genuine involuntary unemployment. Labour markets, therefore, should be left alone - without benefit floors and minimum wages - to be as flexible as possible, especially given the influx of women and of part-time jobs over the last two decades or so. But, as we saw earlier, it is not clear that the NAIRU model has any meaningfulness outside of economists' textbooks.

While not necessarily offering a specific alternative to the above, the democratic Left do offer some challenging critiques. They are satisfied neither with the traditional notion of full employment as 'more men than full-time jobs', nor with the notion of some natural level of unemployment. The former is seen as being patriarchal, ecologically damaging and out of touch with the realities of globalized capital while the latter is simply seen as undesirable, as a strategy for allowing third world wages to seep out of the past and into the heart of 'advanced' capitalism. Does this mean that the democratic Left have no notion of full employment? Not necessarily, but if they do possess an alternative it may mean recognizing the significance of work and of activities pursued in the informal economy, as dealt with in the previous chapter. Full employment might, therefore, be thought of as that socio-economic condition which is attained when all adults have the freedom to enter and leave the labour market on terms beneficial to themselves. However, as indicated a short while ago, I believe that this is the direction in which Keynesians, too, must move so that either social democracy and the democratic Left converge in this particular instance, or the latter has no distinct alternative to offer after all.

In any event, it is easy to see what roles are allotted to the social security systems when taking these various conceptions into account. Keynesian social democrats insist that a healthy labour

market functioning at, or close to, full employment is the best way to deliver all individuals a decent income. Their emphasis is very much upon employment generation through some kind of state intervention into the economy - which, these days, involves stressing the capacity of government to facilitate investment, training and co-operation between the public and the private. Social security is a way of guaranteeing the continuation of at least a minimum income during temporary periods of unemployment. But, with the citizen as someone who identifies with wage-earning activity in the formal labour market, benefits should not be thought of as a means of distributing primary income, even assuming that this is possible, though given the new conditions to which the labour market is now being subjected a measure of structural reform will be required to ease the transition from welfare to work. In summary, we may say that Keynesian social democrats favour categorical and contributory benefits since these are universal but still conditional upon proof of need and/or desert. In practice, this will mean the introduction of in-work, top-up benefits and of a more generous and inclusive insurance system.

Monetarists, however, insist that such measures are merely a way of preventing a fully mobile and flexible labour market from emerging. They, too, emphasize the necessity of employment generation, but insist that this requires government to 'get out of the way', such that state intervention only costs jobs. The establishment of an absolute benefits' floor prevents wages from falling to the point where markets clear and fosters the kind of replacement ratios which encourage idleness since many recognize that they are better off on the dole. So, with their notion of the citizen as a self-responsible, self-maximizing consumer who works according to market imperatives, economic liberals insist upon a system which, while not permitting the re-emergence of absolute poverty, frees up the labour market to the point where it can function according to the laws of supply and demand. So, their approach is even more stringent and they favour widespread selective benefits to both provide security and to weed out moral hazard.

The democratic Left, meanwhile, are the most ambivalent of all. They certainly regard employment generation as both important and desirable, yet remain sceptical as to the number of jobs that can be created. It may, therefore, be necessary to also consider employment distribution. This involves the suspicion that there is already



enough paid work to go around, the real problem is that this existing work is not being evenly distributed. So, think of this simplistic example: in a society of 100 people, instead of having 90 individuals working 40 hours per week, you might have all 100 working 36 hours per week. Obviously, even on this simplistic level, numerous problems are created as we saw in our earlier discussion of working-time reductions. The important thing to note is that the democratic Left's conception is of wages becoming less essential, to whatever degree, to individuals' overall incomes. So, on the one hand, they do not think of transfers merely as temporary relief and certainly not as functional to the self-regulation of market equilibriums. On the other, even a generous conception of transfers seems modest when compared with the immense amounts of social and economic restructuring which would be required to redistribute existing employment and create more of a participatory economy. Social security transfers, therefore, have a role to play in any democratic Left future but only so long as they are not conditional upon activity in the formal labour market and if they are compatible with, and perhaps even facilitate, more radical socio-economic reform.

Now, in the light of such considerations what might the most general and abstract justifications of CI be? What many recognize is that our employment-based society is undergoing a process of irrevocable change and that paid work can no longer be - has not been for some time - the only source of income and well-being. As time has passed CI has come to be regarded not simply as a reformist proposal but as a means of structurally altering employment patterns. Firstly, it could allow individuals to change their own working-lives without reference to state-directed requirements. This, quite simply, is because it would be provided automatically. Secondly, it could allow a society in which there are more people in employment than at present. Currently, unemployed individuals are basically paid to remain inactive whereas a CI does not impose such a stringent regime of either earnings or benefits - however, this point is to leave the overall incentive effects of CI unexamined.

Now, it is inconceivable that any future government, genuinely committed to full employment, could ignore many of the ideas mentioned in section 2. As such, CI at least provides some kind of ideal for allowing wages and welfare to work more closely together. This explains why it might be attractive to social democrats. At the



same time, however, its unconditionality and apparent lack of generosity present problems for social democrats, committed as they are both to formal employment and to benefits thought of as earnings-replacements. Keynesian social democrats might, therefore, favour a CI which retains reference to contributions, i.e. is not unconditional. Equally, they may come to believe that a reformed social insurance system is the best way of combining a contributory system with closer co-operation between taxes and benefits, so that there is no need to go the whole hog and adopt a CI after all.

Economic liberals, meanwhile, might also be attracted to CI, seeing in it a means of allowing wage-rates to fall while still guaranteeing a minimum income. They too, though, shy away from unconditionality, since for markets to work efficiently not only must benefits allow wages to fall to market-clearing levels but they must still impose market-type disciplines on their recipients. This is something which a CI, paid to all regardless of work status, would not necessarily do. If, therefore, CI is appealing in some way it could be rendered still more appealing by being designed as a means-tested form of provision. Then again, if means-testing is desirable then is it necessary to go to the trouble of integrating the tax and benefit systems at all?

Similarly, the democratic Left finds attractive elements in CI. If existing employment levels were to be redistributed, then the number of hours worked in a lifetime by the average individual would fall. If incomes were not to fall also then, since most employers could not afford substantial rises in hourly wage rates, wages would have to become less central to individuals' overall incomes than they are at present. Consequently, we must begin to conceive of an individual's income as having several sources. Wages would continue to be extremely important, obviously, yet state-provided transfers would need to occupy less of a subservient position than is the case with conditional benefits. Since CI's unconditionality means that it is far from being an 'earnings-replacement', then there seems good reason for the democratic Left to give serious attention to it. Yet, though this is true, it is also the case, as we shall see, that ecological and feminist theorists have good reason to pay CI serious attention. The democratic Left only makes a contribution to the CI debate which is on a par with those made by economic liberalism and social democracy, if there is a distinctive CI model which

corresponds to it. Proposals for working-time reductions do not, in themselves, offer such a model. Therefore, it is to the market socialist tradition of thought that we shall be looking in order to find that variant of CI which corresponds to democratic Left concerns.

## 8. Conclusion

So, building on earlier chapters, we now have some idea of how our three ideologies regard political economics in general and full employment in particular. We now also have some idea of how their critiques of, and recommendations for, the social security system alter accordingly. Finally, we have seen that each ideology finds elements in CI to attract it but that the basic CI idea also creates certain problems for each ideology. This may lead ideological proponents to either abandon CI altogether or adopt a version of it more consistent with their preferred model of direct transfers. We have now, then, made our way through all of the subjects with which Part 1 was intended to deal, allowing us to delve into the specifics of CI proposals as outlined in Part 2.



## INTRODUCTION

In Part 1 we discussed the meanings of citizenship, work and full employment in order to understand how economic liberals, social democrats and the democratic Left differ in their approaches to the social security system. We are now in a position to illustrate those differences. There are, however, two caveats which must be inserted. Firstly, what follows should only be taken as illuminating a very intricate and complex area of social policy from, as it were, a very great height. As such, the light which is cast clarifies some of the most fundamental aspects of such social policy concerns but does not penetrate into their nooks and crannies. This is not an apology, merely a re-iteration of the inherent limits of analysis which any piece of research must acknowledge. Secondly, as we move into Part 2 we will be looking more specifically at *the ideological variants of CI which have emerged out of the debate* but this research should not be taken as an exhaustive examination of those ideologies themselves, *not even in the field of social security reform*. Some economic liberals, for instance, may well support NIT along the lines to be sketched in the next chapter because they wish to retain the selective provision of transfers - this is the case with Patrick Minford. Other economic liberals, however, may feel perfectly comfortable with the unconditionality of the pure CI idea and so support a PCI, as is the case with Sam Brittan - with the qualification that Brittan identifies no great distinction between CI and NIT in any event. Others may prefer to avoid tax/benefit integration and support workfare and/or birthright grants and some may wish to avoid radical welfare re-structuring altogether. Why one person believes *x* and another *y* may well lie beyond the competence of social science to say. Still, with these points in mind consider fig. 1, which is intended to illustrate the parameters of all social security systems. Fig. 1 should be read from top to bottom. So, if withdrawal rates are your main priority, i.e. you favour low rates so that as earnings rise people are allowed to keep more of their benefits than at present, then this will have two consequences. Since low rates of withdrawal will cause benefits to 'spill' over to many who may not be in need, strictly speaking, then either the benefits which can be afforded will be quite low or, to compensate for



	Withdrawal Rates	Benefit Generosity	Low Costs
Withdrawal Rates		high rates	high rates
Benefit Generosity	low benefits		low benefits
Cost	high costs	high costs	

fig.1

this, costs will rise considerably. Such considerations appear in the CI debate with supporters alleging that CI's low withdrawal rates would allow us to combat poverty traps more effectively than with any other reform proposal and critics pointing out that this either means low levels of CI, e.g. a PCI of £35 per week in 1994, or, alternatively, cripplingly high tax rates to afford a decent CI. If generous benefits, on the other hand, are your priority then, again, two consequences ensue. Either withdrawal rates will be relatively high - to prevent benefits spilling over to those who might not need them - or, if rates are to be kept at a modest level, then the costs of a generous benefit system rise. Again, these consequences are argued over in the CI debate. Some CI critics would retain conditionality and point to the higher benefit levels that could be afforded as a result; CI supporters observe that the consequence of this is that higher rates, and poverty traps, are thus imposed on those in society who can least afford to bear them - either this or prohibitive costs again become a problem. Finally, if having an inexpensive benefit system is your main priority then this either means having high withdrawal rates, in order to confine benefits to those who need them and/or are entitled to them, or it means having low benefit levels, for obvious reasons.

Now, different ideologies will adopt different principles as their priority. In practice, of course, social security systems tend to be a complex 'mix and match' because the world of trial, error and compromise rarely mirrors the ideologist's textbook. Equally, however, all governments are coloured by an ideological hue and so

will inevitably attempt to shape that system according to the allocative principle which they favour above all others. As such, it seems justifiable to take our three ideologies and to assign to each of them an allocative principle which will tend to 'trump' those alternative principles which are favoured by their ideological opponents. For this reason we may translate fig. 1 into fig. 2:

Democratic Left	Social Democracy	Economic Liberalism
low rates	medium to high rates	high rates
medium to low benefits	high benefits	low benefits
high costs	medium to high costs	low costs

fig. 2

So, let us go through fig. 2 systematically. Economic liberals take low costs as their priority since high levels of public spending are thought by them to damage competitiveness and inhibit risk-taking and innovation. They are fully prepared to accept the consequences of this since, as we saw in chapters 3 to 5, their ideal citizen is one who identifies with wage-earning activity in the formal labour market, activity which can only commence if benefits are not establishing a 'floor' which discourages effort and so creates unemployment. High withdrawal rates and low benefits are therefore justified and, consequently, the ideal social security system for an economic liberal would be one which was dominated by selective, highly conditional benefits reserved largely for those who could not afford private insurance. Social democrats, meanwhile, principally favour generous benefits. This is because their ideal citizen is more than just a market-oriented producer and consumer and, in any case, the market cannot provide for the needs of each and every individual. They are more willing to accept higher costs than the economic liberal, therefore; however, they still share the employment ethic and assume that some form of state action can maintain high levels of employment, so providing an economic

environment within which most able-bodied adults can, and must, work. As such, low withdrawal rates are less of a concern so that the ideal social democratic system would be one where benefits are universal but also categorical and contributory, thus avoiding the perceived disadvantages of out-and-out unconditionality. The democratic Left, finally, do not insist that individuals - conceived of as citizens or not - identify themselves with wage-earning activity and so must have the opportunities to 'opt-out' of the labour market if they wish, especially since full employment increasingly seems to resemble an anachronism. So, benefits are not seen as temporary replacements for loss of earnings and, consequently, low withdrawal rates are the main priority. As such, those on the democratic Left find benefit levels to be less important than for social democrats, i.e. since sources of well-being beyond the labour market, with its 'wages or benefits' implications, must be devised. This is certainly true in the short-term, though in the medium- to long-term the democratic Left may wish to increase the generosity of the unconditional income, but as a dividend not as a benefit. The ideal democratic Left system, therefore, must contain a high degree of unconditionality in order to guarantee individuals' autonomy.

So it is important to remember the following points since they will be of crucial importance when we come to the final chapter and attempt to judge the success or failure of this research in meeting its objective. Each ideology gives priority to an allocative principle which distinguishes it from rival ideologies and through which social security systems and proposed reforms are judged. For economic liberals this principle consists in valuing low public spending and selectivist benefits; for social democrats it consists in valuing generous and universal benefits; for the democratic Left, finally, the principle consists in valuing low withdrawal rates and unconditional, no-strings-attached benefits.

We are now in a position to anticipate Part 2. In chapter 6 we will see why economic liberals might be attracted to CI and why, according to the criteria just explicated, they favour NIT. In chapter 7, similarly, we will see why social democrats might find elements of CI to attract them but, also, why their enduring commitment to social insurance leads them to favour more of a New Beveridge approach with CI pushed into the long-term background. In chapter 8 we will look at

the democratic Left and market socialism and in chapters 9 and 10 we will introduce both ecological and feminist critiques, partly to examine their distinct justifications for CI and partly to ask whether CI could act as a basis for any coalition between market socialist, ecological and feminist economics.

So, by the end of Part 2 we will have a greater understanding of why and how ideologies intervene into the CI debate.



NEGATIVE INCOME TAX

1. Introduction

Why is it that throughout this thesis I have mentioned NIT as that version of CI most likely to be favoured by economic liberals? Because, on the one hand, they are attracted to the flexibility which tax and benefit integration would bring. The post-war benefits system, they insist, established a 'floor' below which wages are unlikely to fall so introducing rigidities into the labour market, rigidities which have kept labour supply above demand and so depressed employment levels. Integration would mean that wages could fluctuate without a loss of income security since benefits, i.e. negative taxes, would keep pace with such fluctuation and so prevent people from falling into destitution. On the other hand, many economic liberals are suspicious of automatic ex ante provision since they think that this might dampen work incentives for many. Some kind of guaranteed minimum income seems desirable so long as it is a minimum guaranteed to those who work for it. At the same time, as we shall see, economic liberals insist that if looked at quantitatively there is no distributional distinction to be made between CI and NIT in any case. As such, instead of NIT being a variant of CI - as characterized here - it is CI, in its unconditionality, which is an unnecessary variant of NIT. Yet this, in a way, still begs the question, 'why is it the Right who have given the greatest amount of support to NIT proposals'? After all, in the 1960s NIT received support from across the political spectrum. The Left viewed it as a way of guaranteeing a minimum income and so as being consistent with the function of a welfare state. The Right viewed it as a welfare provision more consistent with the imperatives of a market economy. So what happened subsequently? Why, by the 1980s, had NIT become associated so predominantly with the Right - and discredited even in many of their eyes? It is the purpose of this chapter to answer this

question.

Before proceeding, however, some mention should be given to another form of unconditional income for which economic liberals, among others, could give support, i.e. a 'birth-right grant' or an 'initial endowment'. This implies giving to each and every individual, at a particular age or even a series of ages, a lump-sum to do with as they like. This grant could be equivalent to the total amount of CI/NIT that would otherwise be distributed to an individual during an average lifetime; it would be utilized profitably by some and so might provide greater economic opportunities than the lifetime's trickle of a weekly or monthly CI/NIT. But, though this might be the case, such a grant would certainly provide less economic security than CI/NIT especially for those who, for whatever reason, squandered it. Would such people be therefore deserving of conditional help once their grant was spent and they were unable to look after themselves any other way? At the risk of sounding naive, it is difficult to imagine many, including most economic liberals, supporting the idea of leaving the reckless and the incapable to starve on the streets. If so, then any such unconditional lump-sum would need to be reduced in order to make way for additional lifetime provision. To what extent you might combine the two really depends upon how you value economic opportunity against economic security. Economic liberals, I suspect, would favour the former, i.e. the opportunities afforded by a grant, against the latter. But, even so, if a lump-sum grant could not be the only form of transfer and if the reckless and incapable are not going to be left to starve, then we are still left with the separate problem of justifying some other form lifetime benefit provision. This is a problem facing economic liberals no less than anyone else. So is a lump-sum grant desirable? If so, how high should it be pitched compared to additional benefits? These are questions which this research may safely set to one side for what we are dealing with are the ideological variants of CI - defined, remember, as a weekly or monthly payment - and, as such, NIT requires analysis even if economic liberals were to decide that a lump-sum grant were to be the main form of income provision. This is so because either additional, post-grant benefits would guarantee a minimum income - even one at subsistence level - to those who qualified for it, in which case we are back with some kind of CI/NIT, or it would not, which might imply people starving on the streets, an

option I have suggested most economic liberals would not go for.

So, we will begin by pinning down more precisely than in the introduction to Part 2 what the criteria are by which social security reform is judged by economic liberals. Then we will trace the history of NIT in America and of tax credits in Britain, to illustrate the various arguments for and against NIT. We will then conclude by drawing out the implications for CI generally, which involves examining my assumption that NIT is to be associated overwhelmingly with economic liberalism.

## 2. Reform Criteria

Why is it the Right who are principally attracted to NIT? In order to begin to answer this question we need to appreciate the full range of criteria through which assessments of the welfare state are attempted, for only in this way do we appreciate the 'Right' as favouring one set of criteria and the 'left' as favouring another. So, in no particular order we might identify the following:

- 1) Administration should be as efficacious as possible;
- 2) Benefits should be as generous as possible;
- 3) Individual liberty is fundamental;
- 4) Economic efficiency is a *sine qua non* of welfare provision;
- 5) Redistribution is a means to the end of greater social equality;
- 6) To be effective, resources must be targeted;
- 7) Access to provision should be universal;
- 8) Unless work incentives are maintained the system cannot survive let alone function.

Now I do not imagine that these criteria are comprehensive nor that they can simply be sorted out into those which are of the Left and those which are of the Right. Also, there is a great deal of overlap among the above as well as controversy as to what a particular term might mean. For instance, the Left could insist that it, in its insistence on equality, theorizes the best context for individual liberty, while the Right might reply that this would not be liberty but utility. Even so, I would like to suggest that the Right are most closely attached to liberty, efficiency and selectivity, while the Left are most attached to generosity, equality and universality.

Administrative efficacy and, possibly, incentives-maintenance are less ideological definable. Looking at the Right only, we can see that valuing liberty is what leads them to favour low public spending, admiring efficiency is what leads them to favour low benefit levels and preferring selectivity is what leads them to favour high withdrawal levels - to avoid benefit spillage. So we see how these criteria tie in with those outlined in the preceding introduction.

So, are the Right principally attracted to NIT because of this commitment to liberty, efficiency and selectivity? Does NIT really embody the virtues of low public spending etc.? If so then why, given the recent dominance of the Right, has it never been implemented? How does NIT compare to CI? Has NIT anything to hold for the Left? We will now address these questions in turn.

### 3. A History of NIT

In 1946, G. Stigler outlined a proposal for 'money-grants':

There is a great attractiveness in the proposal that we extend the personal income tax to the lowest income brackets with negative rates in those brackets. (1946, 364-5)

This, he believed, could improve the incomes of the poor without damaging incentives to work and save. So, helping all in need instead of introducing complex discretionary criteria of provision. Three years earlier the Economist had written:

It would be a resounding achievement if the British community could make provision, out of a simple tax on all its citizens, for a national minimum income for all its dependents. (1943, 837)

But, wherever else we go chasing through history looking for such examples - e.g. to the Speenhamland system - it is Milton Friedman who gave flesh to such ideas.

Friedman (1962, 191-4) 'individualized' the alleviation of poverty. The poor, he insisted, should be helped as individuals and not as the members of some occupational class. Nor should help "...distort the market and impede its functioning." - as with



minimum wages. NIT would, therefore, be preferable on "purely mechanical grounds" by making social security costs explicit, by being 'incentives-friendly' and by reducing the administrative burden of government intervention. If there was any danger with NIT it was that of a majority "...imposing taxes for its own benefit on an unwilling minority", rather than taxing itself to help those even more worse off.

Now, the NIT proposal was itself quite simple. For whereas social security benefits impose a poverty trap on low-income and no-income people, replacing the system of benefits and progressive taxation with a single system, combining the two, would establish a stipulated income level. Those above the level would pay tax on their earnings, those below it would receive tax credits or a NIT - calculated according to the difference between the earnings in question and the stipulated level, but guaranteeing, at the very least, a minimum income - see fig. 1. So the poverty trap would be significantly reduced thus increasing the labour supply within a flexible labour market.

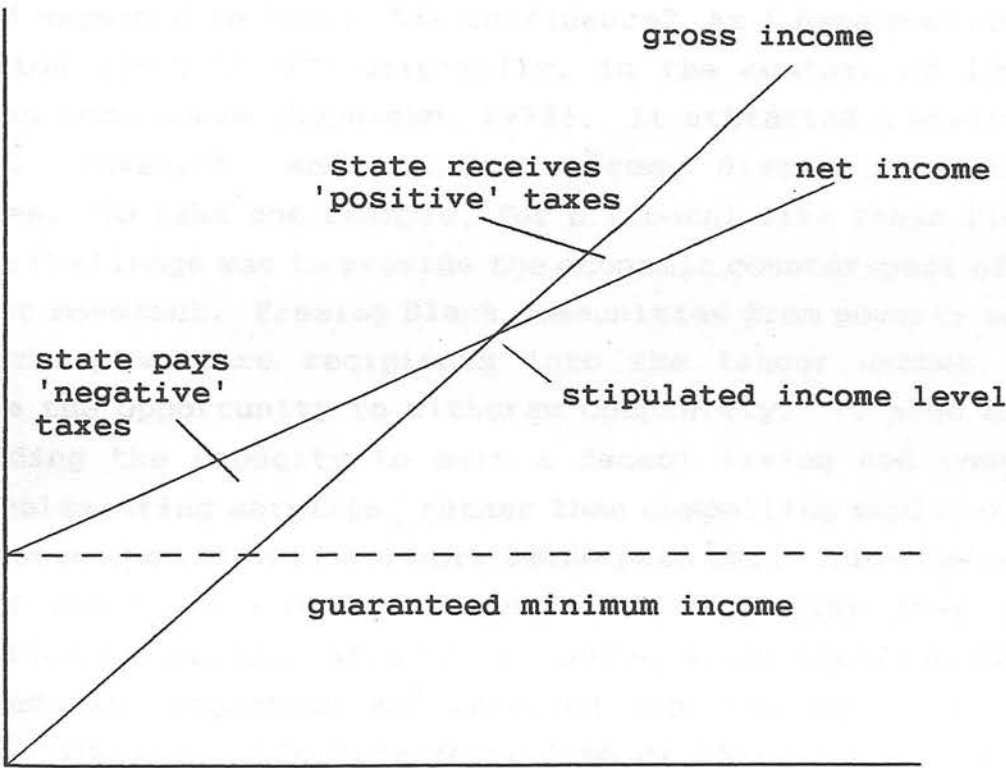


fig. 1

The idea, then, should be seen in the light of the Monetarist revolution touched on in the previous chapter. All the more so because it is intriguing to note that by the time this revolution was in full flow, i.e. the early 1980s, Friedman had become less confident about the prospects for NIT. After rehearsing old themes regarding the demise of private charity, welfare dependency and the desirability of NIT in principle, he complains that the NIT programmes considered by Presidents Nixon, Ford and Carter were too generous:

If a decent level of support means that few, if any, current recipients are to receive less from the reformed program than they do now from the collection of programs available, then it is impossible to achieve all three objectives simultaneously. (Friedman & Friedman, 1980, 152-6)

Namely, the objectives of a minimum income, fewer costs and work incentives. So it is important to note that Friedman's complaint about a decency level is motivated by a realization that NIT was less able to achieve these objectives than he had previously thought.

What had happened to impair his confidence? As I have mentioned, the attention given to NIT originally, in the context of 1960's America, was remarkable (Moynihan, 1973). It attracted a wealth of literature, research and support from diverse political perspectives. To take one example, for a liberal like Tobin (1965, 889-96) the challenge was to provide the economic counter-part of the civil rights movement. Freeing Black communities from poverty meant neither forcing welfare recipients into the labour market, nor giving them the opportunity to withdraw completely. It also meant that providing the capacity to earn a decent living had come to require supplementing earnings, rather than compelling employers to pay wages above the value of the work being paid for. Tobin believed that a NIT would encourage a "tight" labour market free from discrimination and bureaucratic surveillance, where family break-up could be reduced, education and training improved and inequality diminished. The most effective criticisms of this came from Alvin Schorr (1968, 295-6). NIT, he argued, was in the Poor Law tradition and would pay only small amounts to those most in need but not as a social right. He also wrote that it would pay considerable amounts to those who could not be considered deprived (1966, 110-7). Tobin's

(1966b, 119) reply to the first criticism was that an income-by-right and income-testing had always accompanied one another anyway. To the more substantial second criticism he insisted that the obvious alternative to distributive reform, i.e. employment creation, would take decades and even then be insufficient. To the 'danger' that an income guarantee could reduce work incentives, he shot back:

For centuries this cynicism about human nature has been the excuse by which the affluent have relieved their individual and collective consciences and pocketbooks of the burden of their less fortunate brethren. (1966a, 31-3)

Nevertheless, it could not be denied that the work ethic - or, as chapter 4 characterized it, employment ethic - looms large in the American psyche and that wide-ranging reform would need to reassure the public to whom it would be sold. This became clear when Richard Nixon attempted to introduce a variant of NIT with his Family Assistance Plan (FAP) of 1969, which would have provided income support for all families with children - anybody interested in this episode, which falls outside our range of interest, should consult Daniel Moynihan's (1973) excellent book on the subject. Basically, Nixon felt obliged to insert an 'obligation to work' clause into FAP in order to smooth off any residual Left-wing edges (Harrington, 1984, 32-4). Many deplored the emphasis subsequently given to incentives, castigating it along the lines suggested by Tobin. But popular belief in rugged individualism and self-help held firm. It was, then, the conjunction of two things - the necessity of reform along NIT lines and scepticism about effects on incentives - that inspired the experiments of the 1970s, the point at which various misconceptions were born.

It is often said that all forms of a guaranteed income are, economically speaking, equivalent (Green, 1967, 61). In an obvious sense this is true. But all that this means is that it is possible to show that the post-tax and transfer levels of a guaranteed income like a CI match those of NIT precisely. In other words, the net income which NIT provides in fig. 1 is identical to the net income which a CI would provide (Van Parijs, 1995, 57). But what this common device conceals, sometimes deliberately, are the non-quantifiable variables through which such forms are actually distinguished, i.e. the ideological dimension. However, so far as NIT was concerned it

was the 'common device' which prevailed. For those such as Green the trick was to attack poverty and meet the needs of the poor with a minimum of income redistribution, so confining help to the very poor and filling only part of the "poverty income gap" to maintain incentives. Such "...limited coverage reflects recognition that the poor are a dwindling minority in the United States" (Green, 1967, 57-61 & 159). Now, if making savings is your number one priority then fine. My point, in saying that there are ideologically-distinct reform criteria, is that this has to be argued for. No appeal to some kind of a *a priori* wisdom can be made; especially not one which visualizes a "dwindling minority" of the poor. This, quite simply, is to sneak in a conception of poverty as an absolute rather than as relative. That these moral and political presumptions could masquerade as a commonly held wisdom did not augur well for the planned NIT experiments.

And so it proved to be. Would NIT damage work incentives? This was the question to which the experiments were overwhelmingly addressed. The expectation seems to have been that NIT recipients would indeed work less, in which case a less generous scheme could be implemented. Cynics might characterize this as an attempt to 'individualize' the problem of poverty once and for all. Still, such an explanation of the experiments' motivation might explain why there came an upheaval in political responses to NIT in the mid-1970s. Initial results from the New Jersey experiment (1968-72) seemed to show that the effect on the labour supply of white males was, after all, negligible. There was a negative effect, yes, but not to any great extent - though women did reduce their working hours considerably. So Albert Rees and Howard Watts felt confident enough to propose:

The burden of proof would now appear to be on those who assert that income maintenance programs for intact families will have very large effects on labour supply. (1975, 86)

Sure enough the backlash followed. Michael Boskin (1975, 110-4) denied that it was possible to infer any such conclusion from a three year local experiment and apply it to a universal and permanent state-of-affairs. B.S. & W.M. Mahoney (1975, 183) 'Hawthorned' the experiment by claiming that it had been designed in such a way that the hopes of those favouring NIT would be confirmed.



History does not record whether the Mahoneys used the same reasoning once things had swung in their direction. If not, then they were in good company. Five accusations against optimistic conclusions derived from the New Jersey experiment were levelled. Firstly, the Hawthorne effect that the design of the experiment had biased the results. Secondly, that the representative sample had been purely voluntary and therefore unreliable. Thirdly, that long-term responses on the part of recipients would be different from their short-term ones. Fourthly, that whereas the working-week's length is currently set by institutions, thus constraining individuals' preferences, if widespread reform was introduced then institutional practices would be more vulnerable to the instinct to work less (Stiglitz, 1986, 499-500). Finally, that the uprating of the Aid for Families and Dependent Children program in 1969 had had a negative effect on the experiment. The accuracy, or otherwise, of these points is not the issue here. What is important is that such criticisms were levelled successfully against those experiments which dared to rebel against common sense, i.e. give the poor more and they work less. But perhaps the fault is really with those who favoured a generous NIT. By trying so hard to disprove 'common sense' they only confirmed it as something worthy of such close attention. They mistook disputes about values for empirical disagreements regarding the verifiability of survey data.

After New Jersey came several smaller experiments. The one at Gary, Indiana was widely believed to demonstrate that most individuals' desire to earn was not affected by NIT - though a few reacted with large reductions. Positive conclusions were drawn from this. Namely, that any reduction in working-time was due to an increase in time allotted to job-searching and not to instincts for laziness/scrounging, and so forth. (Burtless & Hausman, 1978, 1125-7)

But by this time common sense was fighting a rearguard action. What was startling about the results of the experiments run in Seattle and Denver (SIME/DIME) between 1970 and 1978 was not that they showed that the working hours of recipients were adversely affected - this merely proved the preconceptions of those who articulated the popular wisdom. Rather, it was that SIME/DIME also indicated a high level of marriage break-up. The experiment began

with 4,800 family units and ended with 12,000. This indicated a dissolution rate for recipients which was 40% higher than the rest of the population (Parker, 1989, 154). Obviously, this could be regarded as a further nail in NIT's coffin. Counter-arguments were drowned out, e.g. that it was the assessment unit which was at fault since if people can receive more money by splitting up than by staying together than they will do so. Also being overlooked by this time was 'laboratory' research. Beston, Greenberg and Kasten (1982, 176-7) ran a simulation analysis revealing that the redistributive impact of NIT would not harm efficiency - of earnings, hours worked and output. They concluded that the choice between tax-transfer systems came down to a choice between competing moral values, therefore. Irwin Garfinkel (1982, 504) added that even if it were true that the poor's incentive to work would decline with NIT, since they were in low-productivity occupations anyway it really did not matter.

So what had happened? The NIT debate had, by the late 1970s, been hijacked by those who were more concerned with work incentives than anything else. This caused liberals and those further to the Left to largely drop out of the debate. The running was increasingly made according to the concerns of the Right. But what the Right, originally enthusiastic for NIT, increasingly derived from the experiments was a syllogism: NIT produces work disincentives and family break-up, these effects are undesirable and therefore NIT is undesirable. The most outspoken critic of NIT was Martin Anderson, social policy adviser to Nixon, Ford and Reagan, who did more than anyone else to discredit the proposal on the grounds that it destroyed the poor's work incentives (Parker, 1989, 97). No wonder that by 1980 Friedman had become less than confident. So, what the New Right administrations came to favour was an incremental scaling-down of existing provision rather than a lock, stock and barrel replacement. Enter social security reform of the 1980s, and beyond. It would certainly explain why tax credits did not re-surface in the Thatcherite agenda. Tax credits were proposed as the British equivalent to NIT and came close to being implemented by the Heath government. The debate surrounding it, however, did not approach the intensity of NIT. Here, the emphasis remained largely focused upon normative and theoretical questions.

NIT surfaced in Britain at a time when the Right was picking up on the Left's criticism of the welfare state's efficacy:

...the development and application of a system of NIT offers the brightest hope of emancipation from the doctrines of universality in social welfare that have militated so long against an implacable war on poverty. (Lees, 1967, 15)

Such considerations began to enter the policy arena with the Conservative election victory of 1970. It was in that year that the Institute for Economic Affairs (IEA) published a significant proposal. Relative poverty, they announced, had been eradicated. Unequal earning power was perfectly natural. The aim, therefore, was to eliminate once and for all the remaining pockets of absolute poverty and to reduce tax in order to improve incentives (Christopher et al, 1970, 5-6). This objective formed the backdrop to their proposal, Reverse Income Tax (RIT).

Despite the slight change of name, this was hardly any different from NIT. Like NIT it would replace all state cash benefits. Above a break-even level - which, in an almost poverty-less society they did not specify - earnings would be taxed, though tax remissions could be given if private insurance had been taken out. This last point would indicate that RIT was not intended to be a wholesale replacement for the welfare state. They envisaged that as the earnings of recipients rose, NIT could be clawed back at a rate of 100% in order to keep the overall tax rate on earnings down to 35%. This, then, would concentrate expenditure on those most in need and minimize the loss to national output. They did anticipate certain problems. Firstly, that of employers treating positive, 'top-up' taxes as an excuse to cut wages, though they thought that this would be unlikely under conditions of low unemployment. Secondly, there might be the problem of higher-paid workers making inflationary wage demands in order to restore lost differentials, though this might be avoided by such workers desiring to help the poor. Finally, RIT might have a negative effect on incentives to work and save, though they accepted this as a necessary price to be paid for the elimination of poverty (Christopher et al, 1970, 68-72 & 90-1).

The IEA continued to hammer away at this theme throughout the 1970s. Colin Clark updated RIT in 1977 by, given conditions of accelerating unemployment, attaching a work test to it:

It would be intolerable to have able-bodied people living permanently on Reverse Income Tax payments - and devolving their principal energies to asking for more. (1977, 30)



This is an important point. Where there is full employment it makes no sense to ask whether NIT/RIT would, in itself, establish a minimum income. Since almost all male family-heads are presumed to be earning then NIT/RIT may be regarded as that device which will raise insufficient earnings to a minimum level. But once mass unemployment descends millions of workers and dependents are left without support. Would NIT/RIT then be adequate to establish an income minimum? In the absence of a healthy labour market it would need to be. But if that minimum were enough to keep recipients out of destitution, could they be trusted to improve their positions when the opportunity arose? The Right, of course, expressed scepticism; the obvious solution, therefore, was to make the receipt of positive taxes conditional upon a work test. In other words, a minimum income is provided only to those who satisfy such conditional criteria. As with responses to SIME/DIME this betrays a logic of the poor being poor because they are idle. Strangely, then, NIT/RIT is only a true earnings supplement where there is full employment, a concept which, as we have seen, the Right claims is both indefinable and undesirable. When unemployment rises, therefore, NIT/RIT becomes more of a disciplinary device intended to service market flexibility. The IEA's war on poverty becomes a war on the poor. Clark, consequently, saw no "satisfactory solution" to the problem of whether an "idler's" family should be left to suffer (1977, 55). There seems sufficient reason, therefore, to be sceptical of NIT/RIT. Under conditions of high unemployment it either fails to provide the guaranteed minimum illustrated in fig. 1 or does so by imposing stringent work tests on the poorest.

RIT found few other supporters, though. What did find favour was a more modest proposal to systematize tax allowances. In effect, a tax credit would have simplified the various forms of tax allowances, providing a surety against taxation. At 1972 prices the Green paper on the subject proposed credits of £2 per child, £4 per single person and £6 per married couple. National Insurance contributions would continue, with those on benefits and/or not paying income tax receiving benefits as before (HMSO, 1972). With these proposals, up to 1 million people would have been floated off means-tested benefit (Outer Circle, 1978, 58).

Some did note that the redistributive effects would be minor, but felt that this would not be important should tax credits be capable of



facilitating other redistributive measures. This, for instance, could have involved co-ordinating tax credits with income-related benefits to more effectively search out that poverty which remained largely invisible (Barr & Roper, 1974, 39-42). G. & P. Polanyi also felt that tax credits could be a stepping-stone to more effective means of poverty relief. Such an 'effective means' would be RIT, which,

...would concentrate help on the poor by a selective system of increased credits for people with low incomes and correspondingly higher negative tax rates...which would have the effect of confining the benefit to them. (Polanyi & Polanyi, 1974, 55-6)

But tax credits also attracted a considerable number of detractors. For Tony Atkinson (1973, 83-5) they would not help those just above the poverty line nor those below it, not help families nor those claiming means-tested benefits, only provide an inflexible child credit, leave the sick and unemployed worse off, not abolish the poverty trap for many and, finally, redistribute money to above-average earners. Atkinson recommended, instead, the co-ordination and harmonization of the tax and transfer systems with social insurance and progressive taxation to provide greater flexibility than that given through tax credits. But despite tax credits being of little help to those on less than £8 per week, some felt that this did not preclude additional redistributive measures. It might be of course that no such commitment to redistribution would come from the electorate, but this was a matter of public choice and could hardly be blamed on the transfer system itself (Institute for Fiscal Studies, 1973, 67 & 73).

In any case it was the dissenting voice which prevailed and Atkinson himself influenced the Labour Party's rejection of the tax credits proposal. The Conservatives would, probably, have implemented the reform but were voted out of office. The 1974-9 Labour government remained largely wedded to a Beveridgean way of doing things, though it did introduce child benefits in realization that hundreds of thousands of families were literally being taxed into poverty. By the early 1980s the Conservatives were back in office but tax credits were not revived since they seem to have been equated with NIT, by then discredited.

NIT was not dead, however, though it would soon be pretty comotose. Patrick Minford (1984), indeed, had been encouraged by the findings of SIME/DIME. For here was a reason to dilute the 'generosity' of NIT. He believed that NIT's only objective should be to eliminate unavoidable need - misfortunes beyond the individual's control. Avoidable need - large families, illegitimate children, failure to insure against old age - was for the individual to prevent. State prevention would only encourage irresponsible behaviour by removing the penalties which required people to alleviate avoidable need (Minford, 1987, 81). So, having placed the mask over NIT, Minford proceeded to turn on the gas.

Since public goods should no longer be state provided, he argued, the payment of NIT should be contingent upon the production of certificates to confirm that recipients were insuring themselves for health, education, pensions, sickness and disability to a specified minimum scale. So, NIT is seen as a fragile step onto the ladders of a private system. The minimum it would provide would be one of subsistence only, excluding all items not necessary for survival, though what this actually meant was for society to decide. Minford saw such proposals as a means of returning the welfare state to the people. In fact, to avoid rises in marginal tax rates due to the cost of an NIT it would be necessary to maintain a high 70% tax rate on low earners. This would benefit those on average incomes disproportionately thus improving incentives for those on both average and low wages. Such a withdrawal rate should be acceptable to the poorest who, after all, are being subsidized by the system:

The community has a right to expect people to work if they can....That is their contribution as a condition of society's support. (1984, ix-xv)

In what detail is it necessary to analyse all of this? Minford represents the social policy wing of the New Right revolution. We may then, borrowing arguments from political theory, say something like the following. Minford's NIT would be economically self-defeating. His vision is almost of a Right utopia whereby self-responsibility and self-sufficiency permeate through the population gradually enabling the emergence of almost universal private insurance. For those who refused to improve their moral character, disciplinary strategies would be both necessary and perfectly acceptable to the

vast majority. But if these ideas reveal a rather naive view of human nature, almost a counter-part of Communist attempts to engineer an altruistic character, then no such change would result. So Minford's successors would be forced to either fall back onto some kind of pseudo-welfare state, or to accept the consequences of many resisting the kind of market-oriented mentality a fully functioning system of private insurance would require. But this would be to produce such social fallout - ill health, poorly educated workforce - that the breakdown of social administration and of social order could result. Given this possibility a third scenario could be considered. If a return to a pseudo-welfare state was undesirable and risking social breakdown unimaginable then why not contemplate an increased role for the state? This third scenario would be the political dimension to Minfordism. If a return to a semi-paternalistic social order were not to be considered, then authoritarianism would be the only option. Some might say that a version of this has already occurred so that the experience with Thatcherism in the 1980s and 1990s provides the prototype to any further New Right revolutions in the future. So this is the social dimension of Minford's proposals: either the current welfare state is not so bad after all and helps create a reasonably just and stable society; or, we go part of the way along Minford's path and risk economic apartheid with all of its consequences for society; or, if this were unacceptable, an authoritarian state would be needed with an increasingly passive and subservient underclass. Perhaps these scenarios sound too fanciful to appear reasonable. Yet Minford's vision of a purely privatized society is so far beyond what most of us can imagine that such speculation seems unavoidable.

#### 4. NIT and CI

How are NIT and CI to be distinguished, then? Why should they be distinguished at all? After all, both employ an integrated tax/benefit system, both take legal residence as the basis of entitlement and both dispense with the contributory principle. However, even these similarities may be deceptive. As an earnings-supplement NIT is awarded only to those who apply for it and can demonstrate that they are in need. So it retains demonstrable need as

the central criterion of entitlement. In most cases, as we have argued, a work test is required before even a subsistence NIT could be granted. Furthermore, since not everyone receives NIT, e.g. children, and since it is calculated and credited in arrears, the full integration of the tax and benefits systems would not occur in any case. There would be a lag between the declaration of your earnings and the payment of the positive taxes to pull you at least as high as the guaranteed minimum, a lag which would leave most of those experiencing rapid changes in earnings in poverty. This is the consequence of *ex post* provision and so NIT is more accurately described as a 'unified' system. The main differences between NIT and CI, therefore, are:

- 1) the method of payment - NIT is paid in arrears, *ex post*, on proof of need whereas CI is credited automatically, *ex ante*, probably on a weekly basis;
- 2) income tax rates - in order to keep costs down NIT tends to imply higher marginal tax rates on lower earners, while CI involves either a total flat-rate or the retention of progressive taxation;
- 3) the assessment unit - NIT would almost certainly be paid to households, CI to individuals (Parker, 1991, 11; 1994, 7-8).

Now, each of these has been disputed by Sam Brittan (Brittan & Webb, 1990). He sees NIT and CI as lying along a continuum. With modern computerized methods, he insists, they are administratively equivalent. They therefore provide identical post-transfer rises in income not only on the economist's graph-paper but also in reality. Perhaps, but this does not change the fact that one is paid *ex post* after allowing for earnings and the other *ex ante* as a basis for earnings. Van Parijs (1995, 35) points out that the *basic* of Basic or Citizen's Income does not refer to some notion of basic needs, which it is often taken to do, but to the automatic, no-strings-attached crediting of an income in a manner not allowed by NIT. Brittan might reply that since both minima are withdrawn such a distinction is deceptive. But it is precisely this distinction which is *theoretically descriptive of two different conceptions of citizenship*. If an income is to be received in addition to inadequate earnings then the separation between taxpayer and recipient is being maintained - which, of course, economic liberals are happy about given their conception of citizenship. Contrast that to a CI where a floor is guaranteed upon which earnings may be built



according to each individual's desires. Secondly, Brittan insists that that the generosity of a system is not determined by the system itself, so that NIT could be just as generous as some versions of CI. Again, this is obviously correct and, indeed, Brittan (1995, 242-62) is an example of someone who might be willing to see a high guaranteed minimum even if this necessitated a rise in income tax, this being a necessary, even a sufficient, condition of giving capitalism a human face. Such a welcome and generous acknowledgement on Brittan's part is a good example of the point made in the preceding introduction to Part 2, i.e. that the ideological model provided here has its limitations. Nevertheless, Brittan's Rawlsianism (Brittan & Webb, 1990, 59-64) stands out precisely because it is an exception. Most NIT supporters, like Minford, have been motivated by the desire to maintain work incentives and keep costs down. Brittan's intervention into the debate, as such, is likely to find few adherents on the Right. Finally, he insists that there is no reason why NIT and CI should have different assessment units, each may be calculated on the basis either of the household or of the individual. However, when Steven Webb (Brittan & Webb, 1990, 54-8) follows up on this point his 'objective' analysis of NIT is heavily slanted in favour of the household. After all, if NIT were to be paid to individuals then what about those who do not earn? Either a work test would be required - which a CI would not involve in which case CI and NIT are distinct - or a minimum income level would be paid to all - which cedes the ground to CI since it would contradict NIT's *ex post* provision. In short, Brittan may be accused of trying to fit square pegs into round holes and I conclude that my distinction between CI, as an unconditional income, and NIT holds.

So NIT is much more likely to find favour with the Right given their criteria for judging social security and welfare state reform. There is a model whereby a poverty line is defined and the objective is to lift the poor above that line at a minimum cost. This is to see poverty as an absolute concept, identified objectively, and separate from issues of equality. The Left's model of poverty, meanwhile, sees poverty as a structural 'extreme' of, though not identical to, inequality (Bull, 1971, 65-6). The fact that these alternative conceptions give rise to differing models of guaranteed income is something which so much of the NIT debate, by being pitched at an economic level, has ignored. Brittan, despite his advocacy of

Rawlsian principles, is an example of someone who looks so closely at the economics that the ideological specifics get pushed to one side - indeed, he concentrates on the economics in order to push those specifics to one side since, for him, they only pose a 'bogus dilemma'.

The most persuasive case against NIT, therefore, is that it could never reconcile three factors: providing a generous minimum, keeping costs down, keeping marginal tax rates down (Dilnot et al, 1984). And, as we have seen, NIT advocates are often aware of this and most allow for it by making NIT less generous. But the danger of pursuing such a draconian strategy is obvious and has already been dealt with above in relation to Minford. The real questions are, does my close identification of NIT with economic liberals really hold firm? Why could the Left not give consistent support to it?

As hopefully made clear in Part 1 our ideologies work with radically different conceptions of human nature. The Right broadly conceived, as we saw in the case of Hayek, seem to identify isolated individuals standing in a potentially hostile environment. To make that environment less hostile some given, immutable context is required. So, the Right has traditionally looked towards history, nation, God, family, market. Only through such structures and immutable certainties is the world made a safer, less threatening place. The Left, too, see individuals as socialized beings. But whereas the Right find that individuals inherit their contexts from 'outside', the Left find that such contexts are created endogenously, i.e. emerge in the act of creation. Now, at their worst both sides have indulged in a form of state worship. The Right, at their most pessimistic, have seen little hope for human nature unless secured by strong, authoritarian external forces. The Left have believed that the freest human community will not come about unless the grip of property-owners is forcibly removed by a revolutionary elite. However the Right resolves its tendencies to worship the state, it is clear that if the Left is to utilize the state as a partner, rather than serve it as a master, then it must evolve the social policies that could allow it to do so. In the field of social security this has to imply a reform which, though freeing individuals from the commodifying pull of the market, does not throw them into the arms of a managerial state. Now this might involve a CI or it might involve something which stops short, we will consider this in the next chapter, but it is highly unlikely to involve NIT.

There are three reasons why this is so. Firstly, because NIT's *ex post* form of provision makes it a selective benefit which, were it to be introduced as a wholesale replacement for other types of benefits, offends against the Left's notion of universal, extra-market social rights. A more generous NIT may compensate considerably for inadequate wages but only by continuing to define us all, even those who pay taxes, as primarily producer-consumers in a marketized society. Secondly, because, as I pointed out in the discussion of RIT, high unemployment either undermines the capacity of NIT to provide a guaranteed minimum or it does so by imposing stringent work tests on the poorest. Finally, because it is unclear whether NIT could ever provide a guaranteed minimum for those who are not looking for employment. Theoretically, it is possible to imagine a NIT which, rather than supplementing insufficient earnings with *ex post* transfers, supplements non-waged work such as caring, mothering and volunteering. But such supplements would still need to be calculated - for if the NIT were a gross transfer then it would resemble a CI - and if market prices were not available then non-waged activity would need to be quantified artificially. But how much is such activity worth? Should the non-employed mother of two able-bodied children receive more or less NIT than the mother of a disabled child? Such questions could be multiplied indefinitely, but would lead to the same conclusion: NIT is a supplement to earnings, and earnings alone, and therefore does not confer the sort of 'earned rights' which social insurance is perceived to confer. I therefore submit that the Left is unlikely to find much in NIT to commend it. It is possible that NIT could be introduced on a minor scale as a replacement for assurance benefits, but Left politicians and theorists err if they imagine that it could be a wholesale replacement for existing social security benefits.

## 5. Conclusion

If this is reasonable, then my identification of NIT with the Right holds. Economic liberals are therefore more likely to support NIT because NIT's retention of means-tested provision is more suited to their rather pessimistic view of human nature as flawed and imperfect and therefore, ultimately, as requiring the 'sticks' of

disincentives. NIT was never implemented because even it did not seem to satisfy economic liberals' insistence on improving work incentives and keeping costs down. For this reason, and whether such perceptions were right or wrong, NIT will probably never be implemented. The strategy of economic liberals in the future, as regards social security, is difficult to gauge. Radical reform looks unlikely to re-emerge as a serious proposal, though workfare certainly remains on the agenda. In any event, it is certain that whatever long-term strategy emerges it will be in competition with that devised by social democrats. It is to that alternative approach that we now turn.



## SOCIAL INSURANCE AND PARTICIPATION INCOME

1. Introduction

In the previous chapter we examined NIT as that form of CI which is most likely to be favoured by economic liberals - though many feel, contrary to the kind of arguments I presented, that there is no substantial difference between the two. In this chapter we will look at that form of CI which might find widespread favour among social democrats, i.e. a Participation Income. A Participation Income has been suggested in a number of places by Tony Atkinson (1993a & 1993b) as a CI which would fall short of being unconditional, so that it would only be paid to those who were judged to be making a contribution to society, whether in the formal or informal sectors. This probably means that a majority of citizens would receive it but not those who go off and 'do their own thing' or, in other words, free-riders who gladly accept the CI but offer nothing back in return. So whereas a pure, unconditional CI is open to the charge of being exploitative - the free-rider exploiting the hard-working citizen (White, 1995) - a Participation Income is more in line with the principle of social insurance whereby individuals receive transfers from the state in return for the performance of activities which have contributed to social welfare.

Since Participation Income does not have the kind of history possessed by NIT our approach to it, therefore, had better be different. In sections 2 and 3 we will look at the history of social insurance in order to understand why, and how, such a principle has become essential to Western social security systems. In section 4 we will examine those set of proposals called 'New Beveridge' which, supporters allege, retain the social insurance principle while correcting for past failures. This approach was adopted by, and in many ways is exemplified by, the Social Justice (Borrie) Commission which reported in 1994. Finally, in section 5, we will look at

Participation Income, its strengths and weaknesses and how it relates both to New Beveridge and to CI.

## 2. Social Insurance: History

The difficulty with examining the social insurance principle is that there are few sustained arguments in its defence and what texts there are tend to be simple accounts of its administrative history. The strongest defenders of social insurance have often been social administrators and politicians looking for a quiet life and so quick to invoke some popular wisdom which, they allege, it would be suicide to ignore. So, for instance, the 1969 White Paper stated:

People do not want to be given rights to pensions and benefits; they want to earn them by their contributions. (DHSS; 1969; 12)

This apparently simple and innocuous statement effortlessly confuses the state transfer system with entitlements to benefits and confuses both, in turn, with the social rights which confer entitlement. By treating social rights as being so closely bound up with earnings-related contributions this attitude not only biases wage-earning above other forms of useful activity but actually reinforces the state's dominance in the supposedly contractual relationship between state and individual which is being championed. This has become obvious to most since many of the entitlements, especially to pensions, which the post-war generation thought they were 'buying' through their stamps have in fact been undermined by successive governments avoiding their long-term commitments in the interests of short-term expediency. Yet such statements as that quoted above do at least highlight the pragmatic and piecemeal character of social insurance and it is this character which probably explains why historical exegesis dominates the academic literature. So, in this section, we too will delve into the history in order to understand two things: firstly, why the social insurance principle became acceptable to reformist socialists and social democrats; secondly, why even its supporters believe that reform to the principle is long overdue given its inability to guarantee a minimum income to many, especially to women.

Bismarck, it is widely known, initiated and deployed social insurance to conserve the internal structure of the newly-founded German state and preserve it against the newly-emerging political forces on the Left. Welfare legislation of the 1880s was continuous with the anti-Socialist bill of 1878 (Zöllner, 1982, 9-33). Bismarck had three aims: to preserve the traditional, organic relationship between the individual and the state; to prevent the enlargement of political rights; to reduce economic inequality in order to maintain political inequality. Social insurance, therefore, was designed to protect the individual - i.e. the male labourer - against the worst ravages of the market system in order to bind him heart and soul to the conservative state. Bismarck's logic was devastatingly simple. If workers vote socialist out of protest at economic insecurity, then reducing insecurity will loosen the grip of socialism on workers (Rimlinger, 1971, 112-21). The Social Democratic Party (SPD) recognized this strategy for what it was but did not have the political power to outmanoeuvre it. By the turn of the century the SPD had had to accommodate itself to the new welfare system by regarding it as unavoidable if their long-term objectives were to be met. Originally an anti-socialist measure, social insurance came to be adopted by social democrats as indispensable to a realistic Left-of-Centre strategy.

Something similar was to happen to the British Left in the wake of reforms initiated by Lloyd-George. Lloyd-George did have a genuine desire to fight poverty as an evil in itself, but the rising cost of pensions beyond original estimates convinced him that new benefits to cover periods of unemployment would not be affordable out of general taxation. The preferred solution was to import the social insurance principle from Germany and apply it to unemployment. This would more or less dovetail with previous practice and negotiate smoothly between the Majority report of the 1909 Poor Law Commission - favouring laissez-faire and voluntarism - and the Minority report - favouring state intervention. So, here too, some measure of social justice could be effected without moving towards the out-and-out Fabian socialism of the Webbs - authors of the Minority report:

...insurance was the Capitalists' answer to the problem of want, and by reducing it the insurance covered up what Socialists saw as the root cause of poverty. (Fraser, 1984, 150)

And here too what had been opposed by many (like Kier Hardie) as a threat came to be viewed as a necessity:

...insurance became entrenched in the British way of life and laid the foundation of the welfare state. (Fraser, 1984, 162)

This is not to explain social insurance in functionalist terms. Indeed, the 1911 National Insurance Act cannot be seen as anything other than genuine progress. Also, it meant that in western Europe capitalism and socialism could no longer be so easily distinguished, i.e. welfare reform may have preserved capitalism but only by radicalizing it beyond anything imagined by many Nineteenth Century social reformers. However, it is the case that social insurance has pro-capitalist roots, roots which have in many ways come to nurture social democracy and which no analysis of contemporary social insurance reform can afford to ignore.

The Unemployment Insurance Act of 1920 was an extension of the 1911 Act but came at the very time that unemployment rose so sharply that the insurance fund ran into deficit. So at this point the actuarial principle of insurance dropped away and, in effect, governments' attempts to preserve the actuarial fiction led to a "...system of thinly disguised outdoor relief" (Fraser, 1984, 171). The desire was certainly to return the fund to solvency and adhere strictly to the criterion of actual contributions made. But structural unemployment prevented this and made unemployment benefit into a 'dole' of destitution relief. The first Labour government tried, with only partial success, to undermine the actuarial principle by abolishing the time limit on receipt of benefit. Resisted by the Liberals this led to the Blanesburgh Committee which, in 1927, recommended that only a minimum of contributions should be required for someone to receive an insurance benefit unlimited in duration. So need was becoming the basis of entitlement and the unemployed recognized as the responsibility of the employed. In 1930, Labour made the much hated transitional benefit a charge upon the Treasury rather than the insurance fund and removed the 'genuinely seeking work' clause. This helped aggravate the budgetary deficit which would bring that Labour government down and lead to the formation of the 1931 National Government which initiated benefit cuts and means-tests. However, the 1930s at least



saw the effective end of the Poor Law (Fraser, 1984, 172-83).

It was against this background that Beveridge came onto the scene. He did little more than rationalize the existing system and he, too, sought to avoid an out-and-out socialism whereby benefits would be funded out of general taxation:

Culturally conditioned by Capitalism to respect contract, British society resented means-tested relief which penalized thrift and impaired dignity, while respecting benefits of contractual entitlement. History and social psychology dictated that insurance, in Beveridge's phrase, is "what the people of Britain desire". (Fraser, 1984, 201)

Beveridge believed that it was the government maintenance of full employment, and not the transfer system, which would promote social solidarity and individual liberty. Benefits should only be considered as establishing a national minimum of temporary relief and so could be flat-rate. But if benefits were to be flat-rate so, equity demanded, should contributions; and if contributions are flat-rate their level should be low enough for the lowest paid workers to be able to afford them. If, therefore, the system was to be actuarially sound, the benefits to be funded out of these contributions would have to be correspondingly low. This meant that the National Assistance benefit being designed as the final and ultimate safety-net was barely much lower than the insurance benefit and, very quickly, most of those who received the latter also received the former. Beveridge, consequently, vastly underestimated the numbers of people who would be forced to rely on National Assistance and those who, today, defend the social insurance principle seek to reform the system without reproducing the inadequacies of Beveridge's design.

Nowhere where these inadequacies more obviously exposed than in the case of women. Beveridge, of course, treated "...man and wife as a team" (1942, 49) so that various benefits for which they could be entitled would be calculated "...by virtue of their husband's contributions" (1942, 10). The married woman had her home provided for her by her husband and so "...does not need compensating benefits on the same scale as the solitary woman..." (1942, 50). And since "...on marriage every woman begins a new life in relation to social insurance" because "...she has other duties" (1942, 51) and will "...become a new person" (1942, 131), if a solitary woman should

marry,

She does not carry on rights to unemployment or disability benefit in respect of contributions before marriage; she must acquire those rights, if at all, by fresh contributions after marriage. These could be paid at a reduced rate or could even be avoided altogether (with similar knock-on effects on benefits). (1942, 131)

Now Beveridge was not responsible for the fact that at that time, allowing for the war, most women were married and did not earn, nor for the fact that his attitudes were then quite orthodox, nor for the failures of post-war governments to improve the system for women (cf. Sainsbury, 1993, 89). But that such assumptions were built into social security as an established truth is perhaps down to him. In designing a social security system which was gender-blind Beveridge, more than anyone else, imposed a myopia on the system from which it is still trying to recover. By pushing women to one side Beveridge was not only assuming a sexual division of labour, where the wage-earning performed by men is more highly valued than the domestic labour of women, but was building such divisions into the system. For instance, even the thesis of Richard Titmuss regarding the social divisions of welfare - a thesis which is still depressingly relevant - marginalizes the reproductive welfare predominantly performed by women. We will see in chapter 10 how feminist theorists and researchers have identified and condemned a patriarchal bias in the social security system which has had immense consequences for women's economic resources.

This is as far as our history need take us. Post-war attempts to introduce earnings-related benefits and uprate benefit levels (or at least change the name of National Assistance) are footnotes to the story sketched above (Micklewright, 1989, 54-5). By the heyday of social democracy, i.e. 1945-70, poverty had not been abolished and, therefore, it has certainly not been abolished after the recessions of the 1970s and upheavals (and recessions) of the 1980s and 1990s. We are therefore in a position to draw two broad conclusions relevant to the themes with which I wanted to deal. Firstly, and whether or not they eventually decide to retain the social insurance principle, social democrats must be aware of the extent to which the principle originated as an anti-left strategy. By adopting this strategy and articulating it in terms of working-class politics social democrats

helped to popularize the principle and inscribe it into the consciousness of post-war societies - to the point where even they dare not challenge it. Nevertheless, the principle has roots which may continue to feed off a soil of fiscal conservatism which is inimicable to the social justice which social democrats claim to support. Secondly, and as will be shown more fully in chapter 10, the past forms of social insurance have greatly discriminated against women. If social democrats want to articulate common ground with feminism, therefore, then this is another reason why social insurance must come under close scrutiny. Reform proposals often termed New Beveridge claim to embody such close scrutiny and we will be dealing with them in the section after next. In order to do so, however, it is necessary to be more fully aware of the pros and cons of social insurance.

### 3. Social Insurance: For and Against

The compromise, which social insurance was meant to represent, between market individualism and state collectivism, can be explored in more detail. A.I. Ogus (1982, 183-4) sees the individualist wing as implying an exchange contract where what matters are past earnings. The collectivist wing is more one-sided with little contractual obligation so that the recipient, having no legal right to welfare, is dependent upon the transferor. As such, social insurance implied the traditional, puritan, capitalist virtues of thrift and foresight. It was meant to lead to a new relationship between individual and state which looked to the long-term consequences of economic activity, where the right to welfare would be independent of the government of the day. There would, however, also be some (collectivist) redistribution to those most in need. However, he sees this compromise as having had four main flaws in practice. Firstly, the strength of British common law and the insistence upon defending the sovereignty of private property had delayed the introduction of social insurance. Secondly, when it was introduced it was therefore the individualist wing which was emphasized. Thirdly, this emphasis gave rise to the more negative aspects of collectivism, i.e. the absence of rights. Finally, therefore, social security became an administrative and not a legal

concern. In intervening decades this changed somewhat with the strengthening of social security's legal character so that rights have been emphasized and the possession of assets made less important. Ogus (1982, 235-7) would like to encourage these developments and see a new model of social welfare emerge where there would be much more of a collectivist relationship with all citizens bearing risks on an equal basis, risks which are insured against through over-arching state provision with no-one being disadvantaged due to a low-level of labour market activity. But he views this as unlikely if social insurance remains "at the core" of social security, since it allocates resources inefficiently by treating the individual as the bearer and the compensator of risk (Ogus, 1982, 235-7). So, Ogus is one of those for whom social insurance overwhelmingly privileges horizontal redistribution, i.e. across the life-cycle and within a particular occupational and income strata, against vertical redistribution, ie. across strata from rich to poor. This is a conclusion which research would seem to bear out (LeGrand 1982; Goodin & LeGrand, 1987; Goodin, 1988, 159).

Social insurance does this, some neo-marxists have argued, because it remains an anti-socialist strategy. Vic George (1973, 17-19) sees the friendly societies and trade unions as having employed the insurance principle out of necessity as a humane alternative to the Poor Law. Nevertheless, the principle flourished because it was a means of promoting individualism and self-help, the values of the upper- and middle-classes. The financial burden of social security fell mainly on the workers but the principle enabled the state and employers to make it look as if they and the workers were all part of the same 'team'. It is these contradictions which have bound truly reformist governments who,

...have followed the conflicting policy of attempting on the one hand to liberalize the payment of assistance benefits and on the other to emphasize the importance of insurance benefits. (George, 1973 ,34)

J.C. Kincaid goes further, believing that insurance creates no citizenship rights:

...nor does payment of taxes, nor the unpaid work of the



housewife, nor the helplessness of the permanently handicapped. Beveridge was a lifelong liberal and his arguments are a classic example of the degrading reduction of liberal values to those of the capitalist market system.(1973, 217; cf. Heidenheimer et al, 1976, 199)

Despite their functionalism, these arguments bear some weight. For if the Left is concerned to fight poverty but does not admit the contribution of the insurance principle to poverty's continuance, then such arguments would stand largely vindicated. To avoid the force of such arguments proper reform would have to confer the same status on all benefit claimants (Kincaid, 1973, 219). We will see shortly to what extent New Beveridge successfully does this.

However, there are, naturally enough, many who reject such pronouncements on the inefficacy of social insurance. It is very rare, though, to find economic liberals lending their support to the principle. If any support is forthcoming it is usually for the original actuarial principle. So, Michael Beenstock (1987, 266) interprets the Elizabethan and Victorian Poor Laws as revealing an irreconcilable "...conflict between compassion and concern for self-reliance." National Insurance and National Assistance overlapped not because the former was too low but because the latter was too high. Society could not live with its conscience otherwise and so was "...easy prey for the poverty lobby." Political pressure eroded the actuarial principle, insurance contributions became a de facto tax and the "...concept of social insurance has been allowed to wither. Private insurance, however, is immune to political pressure in times of high risk and so should be the model of the future as affluence grows and poverty decreases:

Viewed in this broader historical perspective destitution is a passing phenomena that is bound to be eclipsed in time by the inexorable forces of economic growth. (1987, 266)

With the disappearance of absolute poverty, the need for a social security system will also vanish and actuarial, private insurance will re-emerge in the next century. Beenstock believes that the reforms of the 1980s will "...go down in history as the last in a line of reforms that stretch back to the Poor Laws of 1601" (1987, 265-7).

In short here, as elsewhere, the market can do no wrong for the libertarian Right. There is little consideration in Beenstock's

musings of the redistributive potential of social insurance. But if economic liberals do exclude themselves from this aspect of the debate and if we turn our attention to that potential then what kind of redistribution might be implied? Broadly speaking, corporatist conservatives will favour a maximum amount of horizontal, and a minimum amount of vertical, redistribution with the purpose of sustaining social integration - identification with and commitment to the prevailing order. Social democracy will favour a higher degree of vertical redistribution with the purpose of alleviating extreme hardship - here, the provision of industrial rights and macro-economics, rather than social security, is the means of doing so (Esping-Anderson, 1990, 26-8).

Taking such distinct, but closely related, conceptions into consideration there are basically five arguments which we might make for social insurance. Firstly, that it compensates for ineliminable market failures. So, given that there are certain risks which are collective and social the compulsory nature of social insurance prevents low-risk individuals from contracting out since this reduces the revenue available for benefits. Secondly, it redistributes to some extent. Paternalist conservatives will argue that it is, and should be, more horizontal than vertical while social democrats emphasize the vertical aspects. What is important is that social insurance makes a clear connection between contributions paid and benefits received and so promotes social solidarity and reciprocity more effectively than a purely tax-funded system. Thirdly, social insurance is paternalist, since individuals will make inadequate provision for themselves if left to their own devices. Fourthly, it is easier to raise tax revenue when people believe themselves, rightly or wrongly, to be contributing directly to their own welfare. Finally, social insurance involves far greater administrative simplicity than does private insurance (Creedy & Disney, 1985, 14-23). Now, it might be possible to distinguish between paternalist conservatives and social democrats in the emphasis they give to the various pros. But, in line with the approach I am taking in this research, the degree of agreement is more important than the degree of disagreement.

So, we see why social insurance is distrusted by some - because it fails to redistribute vertically to any great extent and therefore embodies an insufficient notion of citizenship - and lauded by others

- for the five reasons just mentioned. However, such high-level considerations still overlook the main problem with social insurance, i.e. that it fails to operate in practice as well as it should do in theory. In short, the accusation is that the system has failed to adapt to a dual labour market where those in short-term, low-paid, usually part-time jobs have only limited access to welfare benefits because those on the economic periphery have far fewer opportunities to amass substantial contribution records. Most commentators now recognize these failings but, once recognized, disagreement begins once again regarding the appropriate solutions. Why is this? Because it is not clear whether such failings are an inherent feature of social insurance or whether they derive from political laziness on the part of governments. CI supporters will tend to back the former interpretation, while New Beveridge theorists will tend towards the latter. New Beveridge, therefore, is a doctrine which insists that though social insurance has failed in the past and is in need of widespread structural reform this is no reason to abandon it altogether. On the contrary, to renew social insurance we need to re-emphasize it like never before:

Indeed if it continues to be necessary to support a large number of unemployed, then public support for the desirability of pooling the risk of unemployment and public acceptance of the mechanism by which this is done will be of great importance. (Brown, 1990, 217)

So, New Beveridge is an attempt to re-formulate social insurance on the basis that its weaknesses do not cripple its efficacy and that contemporary socio-economic conditions can be taken account of to bring its strengths once more to the fore. If this approach is to be taken seriously then what social democrats - for this is what the bulk of New Beveridge theorists are - must do is to ask themselves whether the "cash-nexus" of insurance is compatible with providing universally for basic needs (Disney, 1982, 33-58). A 'cash-nexus' is that which gives the emphasis to wage-earning as the source both of benefit revenue and of benefit entitlement. Attention must be given to this area because although earnings-related contributions are represented as uniting taxpayer and recipient - we belong to both categories at differing points in our lives - under contemporary labour market conditions there are increasing numbers of people who

belong exclusively to the one or to the other. The danger which social democrats must come to terms with is of net recipients being defined as an underclass of dependents by groups of net taxpayers. Such a social division of welfare is inimicable to social justice. For when such divisions prevail, as they do in the United States, then basic needs are defined according to the tax revenue which earners are willing to make available rather than being assessed according to socially-relative criteria (Veit-Wilson, 1987, 205-9). When this happens social justice becomes far less of a priority than low taxes and in no way can social democrats be satisfied with such an Americanization of society. Do New Beveridge proposals reflect such concerns? That is what we will now go on to ask.

#### 4. New Beveridge

I stated earlier that to avoid the strongest criticisms of their opponents, social insurance supporters should aim for a social security system which embodies equality of status. What might this involve? The International Labour Organization set out the alternatives over a decade ago:

Either government contributions should be used to give rights to those not necessarily covered on a contributory basis, or some form of minimum income guarantee (either associated with income tax or not) can be superimposed on the contributory programmes. (1982, 88)

They then set out eight advantages in retaining contributions and seven in scrapping them, though spelling out that there is no ideal and different nations will go in different directions (1982, 88-91). Such considerations act as the starting-point for New Beveridge theorists.

In Britain, a New Beveridge system was first elaborated by the Child Poverty Action Group. Ruth Lister (1975, 39-40) wrote that a proper anti-poverty strategy would provide an adequate income to income-less groups by a "...reform and extension of the existing National Insurance system." This meant, firstly, replacing



earnings-related benefits with flat-rate benefits and earnings-related contributions - otherwise the wage system's inequality is merely reproduced. She agrees with George and Kincaid about the mythology of the contributory principle, but believes that the perception that contributions provide a defensible income guarantee is all-important:

Rather than try and challenge the principle head on, we would recommend that the principle be retained but that the contribution tests be relaxed significantly. (1975, 46)

This means replacing paid contributions with credited contributions, as well as abolishing relief on private, occupational pensions to fund an adequate state pension (1975, 46-8). So, "...anyone registering as unemployed or unfit for work can now be credited with contributions..." which have the same status as paid contributions in determining eligibility for benefits. Supplementary benefits would be scaled down to meet "...the exceptional needs of a tiny minority..." and there would be greater financing out of general taxation (1975, 63-8).

By the end of the 1970s similar proposals had been aired elsewhere. The Meade Committee came out in favour of a New Beveridge scheme (1978, 294; Barr, 1993, 277-8) as did the Outer Circle Policy Unit (1978). The former saw the scheme as achieving five objectives: reduction in the numbers on supplementary benefits; improved take-up (though means-tests could not be eliminated entirely); easing the poverty trap; simplification of the tax and welfare system; reduction in administrative costs.

The ultimate aim is to operate the income support system along the lines of the N.H.S., which may be used by all sick persons without reference to any record of contributions. (Meade, 1978, 60-70)

Now, as it became clarified in the 1980s, New Beveridge implies six basic proposals. Firstly, it involves raising the tax thresholds on earnings, to avoid taxing low-earners into poverty. This was seen as being especially necessary given Thatcherite redistributions from poor to rich. Secondly, the gradual abolition of means-tested benefits and the introduction of more non-means-tested, non-contributory (i.e. categorical) benefits. Thirdly, and perhaps

most essentially, raising benefit levels as resources allow. Fourthly, taxing certain benefits, e.g. child benefit, so that they are not provided to those who are able to do without. This proposal, however, is controversial and is far from being supported by all New Beveridgeans. Fifthly, phasing out the lower earnings threshold on N.I. contributions. This threshold encourages low wages and the exploitation which go with them. Abolishing the threshold would enable low-earners to amass contributions. However, it would need to be introduced gradually since immediate implementation might impel many bad employers to cut jobs. Finally, strategic co-ordination of the tax and benefit systems to reduce poverty traps. So New Beveridge would fall short of the integration implied by CI. It would certainly collapse the work/welfare distinction and introduce more in-work benefits, but would continue to define benefits as supplements to earnings, at least in the short-term.

It now seems clear that the New Beveridge approach will wield considerable influence on social security reform in the future. This is because such an approach was adopted by the Social Justice Commission chaired by Sir Gordon Borrie, the conclusions of which, as I stated in the introduction, are likely to exert some influence over any future Labour government. The Borrie Commission came out in favour of a re-formulated social insurance system. This would make it possible for part-time workers, the self-employed and the unemployed to have contributions credited to them. Eventually, perhaps, such credited contributions could be extended to those judged to be performing socially-valuable activity, e.g. volunteers, carers, perhaps even parents and students (1994, 240-3). The Commission therefore rejected CI, at least in the short-term, for its abandonment of the insurance principle (1994, 261-64) though it did have some good things to say about Participation Income (1994, 264-5) - we will see why below. Now the Commission was far from perfect since its recommendations read like a manifesto and, as pointed out in chapter 5, it largely dismisses ecological critiques. More specifically, it often betrays a certain inconsistency. For instance, it rejects workfare (1994, 183-4), yet also states:

Of course, someone who unreasonably turns down a job or training offer cannot expect to continue claiming full benefit. (1994, 239)

It is the difficulty in defining what constitutes 'reasonableness' which might make the Commission's 'active welfare state' merely a statist, top-down one along the lines with which we are familiar. On the plus side, however, it calls for tax/benefit integration for pensioners, the gradual transition from taxes on earnings to environmental taxes, and, significantly, it retreats from one of the essential arguments of the earlier issue paper (Clinton et al, 1994, 38) dealing with tax and benefits, i.e. that CI would adversely affect work incentives. This could be taken as an admission, by default, that orthodox objections to CI may increasingly be seen as spurious.

Now if New Beveridge and the Borrie Commission were going to exert influence on future social security reform what role, if any, would be played by a CI? On the face of it there would be no role, for the reason already mentioned - social insurance is too popular and too entrenched a principle to abandon. However, careful consideration might suggest that the future for CI is not too bleak under a New Beveridge scenario after all. What seems clear is that the principle of social insurance lies along a continuum, at one end of this continuum we find the system of contributions and at the other we find a citizenship ethic. At present social insurance inclines heavily towards the contributions pole and has done so for 50 years. This inclination adversely affects entitlements to benefit. For instance, men must work for 44 years to qualify for a full pension and women for 39 years; also, to qualify for unemployment benefit (which is to be scrapped in 1996) you must, over the previous two years, have earned at least fifty times the lower-earnings limit on national insurance contributions. Now these qualifying conditions are increasingly out of touch with today's labour market, a fact which most recognize and many, including the New Beveridgeans, want to do something about. Their solution is to make it easier to amass contributions and what this would do is to shift the social insurance principle away from the contributions pole since the emphasis would be taken away from permanent, full-time employment. If, eventually, people like volunteers and carers, and so forth, were to be covered by the new insurance system then that system would be very close to embodying a citizenship ethic since the majority of society's members, whether inside or outside the labour market, would be covered by these more liberal contributions. So, broadly speaking,

New Beveridgeans are faced with two options. Either the current system stays more or less intact, in which case New Beveridge would have failed to realize social justice, or contributions are eventually extended to the vast majority of society's members in which case we are not far from a citizenship ethic and a full-blown CI. So although New Beveridgeans often reject CI it is not uncommon for them to allow it a role to be played at some future date (Lister, 1989, 126), an admission which must be made since CI would seem to be the logical corollary of a re-structured social insurance system.

So, on the one hand, social democrats seem to be able to give some support to CI, albeit in the long-term. On the other, this 'deferred support' often manifests itself as an over-reaction against any suggestion that CI could be a coherent reform proposal now. Indeed, some proponents of New Beveridge jump through hoops to discredit CI, either in terms of pure expediency (Meade, 1978, 497) or because it is believed that CI would cost too much, would be politically unacceptable or would adversely affect work incentives (Hills, 1988, 32; Hill, 1990, 168-71). However, a comparative analysis between CI and New Beveridge, if it were to be pursued seriously, shows the issues are not so clear cut.

Firstly, any radical reform strategy is likely to be expensive, but New Beveridge has the advantage in that its costs are more 'spread out' and therefore concealed. This is so because whereas CI has implications for the social security system, the labour market and the taxation system, New Beveridge's implications are mainly confined to the former. This means that when it comes to consideration of social security alone CI can seem prohibitively expensive. Yet this conveniently ignores the fact that New Beveridge would need to be accompanied by a considerable amount of employment generation - because it sees jobs as still being central to income distribution - which is also very expensive. Such generation implies state intervention - on the demand as well as the supply-side - and sustained economic growth. But achieving the kind of growth rates without which a New Beveridge strategy could easily stall may be an optimistic objective. David Purdy (1988, 208-9) estimated that it would require an annual growth rate of 3.7% over a ten-year period to reduce unemployment to 1 million. The last time this growth rate was achieved was in 1963-7. Furthermore, if the labour market is to perform its role a minimum wage will be required. This would need to



be phased in gradually and be accompanied by countervailing measures if rises in unemployment were to be avoided (Field, 1984, 65-81) - and even then it might be at too modest a level to do much good. Also, if it were decided that the lower-earnings limit on N.I. contributions should be abolished - to prevent many part-time workers from pricing themselves as cheap labour and out of contributory benefits - then to avoid low wages being depressed even more than now, an even higher minimum wage than is usually considered might need to be initiated. In short, social democrats face no easy options on the question of cost.

Secondly, why would it be politically unacceptable to scrap social insurance? As I have pointed out if we are serious about reforming social insurance then we need to extend it until it eventually covers almost all of the population. This means that the electorate has to be educated to accept that wage-earning in the formal labour market cannot be the norm for the next century, i.e. New Beveridge remains as little more than tinkering around with the present system unless the employment ethic is addressed and revised. Nor are many CI supporters suggesting that the principle be scrapped entirely. Rather, it is suggested, we need to grow up in our conception of insurance. This means abandoning the quaint notion of insurance as "...putting pennies away for a rainy day" (Beveridge, 1942, 12). There is every reason to believe that insurance contributions could be replaced with a social security tax; the important point is to recognize that contributions are taxes.

But would, finally, the consequences of decoupling be unpopular? After all, New Beveridge recognizes that socially-useful activity and paid employment are not identical and seeks to end discrimination against those who do not earn. But there is still a gulf between this and paying an unconditional CI (Atkinson, 1993a). Would taxpayers accept incomes going to those who basically do nothing? It is a question of how you interpret 'contribution'. If I fancy myself as a novelist and am prepared to exist on a subsistence income for several months to fulfil my ambition, would society sanction my ambition and require me to earn instead? Is road sweeping more valuable than novel writing? This is something the Centre-Left still needs to ask itself. Do you define some in society, e.g. New-Age travellers, as contributing nothing and therefore meriting nothing? Or is it naive to imagine that society is at the stage where we have all the economic

and social rights we shall ever require? Responsibilities, now fashionable within the political vocabulary, should be seen in liberal terms. As noted in chapter 3, this means distinguishing between duties (non-voluntary), the violation of which incur various penalties, and obligations (voluntary), which individuals cannot be conscripted into incurring. A liberal society recognizes that citizenship in the stronger sense, where we welcome obligations toward others, cannot be 'enforced'. All a society can do is to create the economic and social conditions where like-minded people might begin to accept such obligations. A C.I. could be an important means of achieving this. It is capitalist structures - in their rigid divisions between production and reproduction, employment and non-employment - which insist upon a rigid correlation between rights and duties. At its best, the Left has stressed an altruism and co-operation which subverts such distinctions and offers greater freedoms and equality (Edwards, 1988, 140).

More and more I believe Goodin's (1992, 206-8) prognosis to be correct. Either we accept a minority of 'free-riders' in order to benefit the poor. Or, we try to eliminate free-riders which would require the poorest and most vulnerable to demonstrate that they are deserving of help. Those favouring the latter (Brown, 1990, 236-9; Cuvillier, 1993, 453) have not said what makes their strategy egalitarian rather than statist. Personally I have little regard for the 'surfer on the beach', but neither do I feel able to press-gang him into society. An insistence upon doing so only reproduces a Machiavelli-type republicanism at the heart of liberal democracy.

Nevertheless, for the foreseeable future social democrats and New Beveridgeans would seem to prefer the 'jumping through hoops' option so that the above defence of CI in the face of the standard objections is likely to hold little water. So if CI's unconditionality makes it unacceptable in the short-term and if social insurance reform is pursued to the point where it embodies a citizenship ethic then where does that leave us? I would suggest that it leaves us with the possibility, even the likelihood, of New Beveridgeans giving some support to that version of CI known as a Participation Income and it is this which we now go on to examine.

## 5. Participation Income

The Borrie Commission (1994, 264-5) gave some degree of support for a Participation Income since this would retain a condition of active citizenship and would not be vulnerable to the criticism, levelled at CI, that it implies a 'something for nothing' morality. Those eligible for qualification would include not only people in employment but also those unable to work, because of sickness, injury and disability, as well as those in education and training and those caring for young, elderly or disabled dependents. As such,

...the condition of participation would be a wider definition of social contribution than just paid work, and would therefore be similar to the comprehensive system of credits and benefits which we see as the eventual goal of our modern social insurance system. (1994, 264)

The Commission raises some doubts regarding potential costs but finds that if such obstacles could be overcome then a Participation Income,

...could go a long way towards eliminating means-testing, recognising the value of parents' and carers' unpaid work and encouraging people to take up employment, education or training. (1994, 265)

So a Participation Income is that version of CI which finds some degree of common ground with the social democratic New Beveridge approach.

Participation Income is most closely associated with Tony Atkinson. Atkinson (1993b, 9-11) gives a fair degree of support to CI but sees it as having two main obstacles: firstly, the strength of public support for social insurance; secondly, CI's lack of conditionality. On the first point, Atkinson insists that it is necessary to regard CI as a complement to social insurance because it would reduce dependence on means-tested social assistance and would help the low paid. On the second point, Atkinson contends that in order to secure public support for a CI then CI's unconditionality has to be abandoned. So a Participation Income would continue to be universal and take the individual as the assessment unit but would be conditional on the performance of socially-valuable activity and so would complement a modernized social insurance system. As such, an

unemployed person taking a part-time job would qualify for a Participation Income whereas at the moment he would be disqualified from claiming Income Support.

But what about costings? Atkinson assumes the following:

- . Abolition of all income tax allowances
- . Abolition of the upper earnings limit on insurance contributions
- . Abolition of the 20% income tax band but retention of the 25% and 40% bands
- . Taxation of all income and benefits apart from the first £10 of earnings
- . A CI of £12.50 per week for children
- . A Participation Income for all of those over 18 years of age who qualify

With these assumptions Atkinson calculates that a Participation Income of somewhere between £17.75 and £18.25, at 1993 prices and wages, could be afforded without any rises in taxation. If these costings are correct then half a million families would be floated off means-tested benefits; further, a third of all families would be worse off, 10% would be unaffected and 57% would gain. If, however, the basic rate of income tax were to be raised from 25% to 35% and the higher rate to 50% then a Participation Income of between £37 and £39 could be afforded which would reduce the numbers receiving means-tested benefits by 2½ million. In any event, Atkinson interprets a Participation Income as providing the guaranteed minimum which National Assistance et al were never able to provide and as, therefore, offering a model of a European safety-net more effective than that offered by the Social Charter.

This is an attractive and compelling proposal but there are, inevitably, problems with it. We may group such problems under two headings: assessment and monitoring. Firstly, who is to assess that activity x is superior to, and therefore more deserving of remuneration than, activity y? This is a point that was made earlier in chapters 3 and 4 especially, for social democrats often seem to hold a conception of the self and of the social order which is as pre-determined, rigid and inflexible as that held by economic liberals. Both ideologies privilege wage-earning activity in the formal labour market - the employment ethic - above all else, though they may have distinct ideas as to what makes for justice in a market-led



environment. But neither ideology seems able to give an account of why this privileging should occur, probably because both are themselves the political manifestations of the employment ethic. This is especially serious in the case of social democrats who do, after all, present themselves as those who recognize the limitations of markets and can design social institutions accordingly. And yet when push comes to shove it is production and consumption in the traditional sense which is celebrated above all else. Or, as Van Parijs says in a similar vein, social democrats are,

...so concerned with the real freedom to consume as abundantly as one might wish that they lose sight of the real freedom to live as unconventionally as one might fancy. (1995, 33)

Nowhere does this suspicion of the unconventional manifest itself so clearly as in debates over social security reform where the insistence is on retaining conditionality and some degree of contributory social insurance. Of course, the obvious objection is that something like Participation Income looks beyond wage-earning to other forms of activity in an enlarged vision of active citizenship. Yet as laudable as caring, volunteering and parenting are it is not clear to me why they should be recognized as more socially-valuable than, say, squatting in a tree in order to prevent it from being cut down by a car-obsessed government. We are all free-riders in some sense or another: the inactive CI recipient may exploit the taxpayer, but, more importantly, it is the taxpayer who exploits the recipient by monopolizing employment rents (Van Parijs, 1995, 89-130). But, in truth, very few law-abiding people could be free-riders all of the time. In insisting on conditionality social democrats may be in pursuit of a demon which is found nowhere except in their own nightmares. Or, in a Foucault-like reading, theirs is just another discourse or regime of power/knowledge, i.e. the free-riding of the wealthier can be ignored or even applauded, the free-riding of the poorer must be recognized as a social problem.

But if, secondly, we nevertheless decide that our social policies should privilege some activities above others then how is their performance to be monitored? After all, some kind of monitoring would need to occur since if receipt of the Participation Income were dependent upon no more than the signing of a social contract, well, any one of us can do that and, as it were, take the money and run. But

if we are to be monitored, to ensure that we are taking our citizenship duties seriously, then how is this to be done? It is relatively easy to monitor paid work since there are quite definite duties to perform - though even here there are limitations as reactions to performance-related pay, especially in the public services, have shown. But what about all those other participatory activities? Some parents, volunteers, carers and so forth are more conscientious than others are therefore more effective in the performance of their duties. Are they to be awarded with a higher Participation Income, therefore? Would there be penalties for failure? Would we have to re-new our contract with the state periodically? Would we have to demonstrate that we are meeting at least minimum standards when it comes to non-waged activity? How would such standards be defined? Who would judge us in relation to them? Certainly, such questions seem to lead in far-fetched directions but that is a consequence of asking a social security system to do what it should not be expected to do, i.e. ensure and enforce social integration and solidarity. I, like most people, want a society within which everyone has a place and to which they feel some obligation to contribute but, as argued in chapter 3 and earlier in this chapter, active citizenship is not the same thing as compulsory citizenship. The former implies a socio-economic context which leaves no-one disadvantaged and to which everyone can freely give their consent; the latter implies that, if left alone, individuals will go off and do their own thing to the point of social collapse, and beyond, so that the benefits of social membership are highly conditional upon the performance of prescribed duties. In the next century these two competing interpretations are going to be vying for dominance and the evidence so far is that the latter is winning, but if social democracy is to be truly progressive it may have to come to concede the logic of its own reform - that citizenship is about inclusion not exclusion - which would allow the former conception to fight back. For unless this occurs then social democrats may only be about to re-invent the kind of top-down, bureaucratic, administratively complex welfare state which gave the New Right such ammunition in the 1970s and which, therefore, may well do so again.

## 6. Conclusion

In any event, social democracy currently seems to be caught in something of a dilemma: the more it retains the current social security system, the less it is working towards the social justice it says it craves; the more it moves away from that system with its restrictive contributory principles and the more it embodies a citizenship ethic, then the more artificial it is to distinguish between virtuous and vicious forms of (law-abiding) social activity. The purpose of this chapter has been to suggest that New Beveridge and that version of CI known as Participation Income encapsulate these dilemmas perfectly. If such ideas do wield influence on future governments then social democrats are going to have to make some hard decisions if they wish to retain that influence and resist any further backlash from economic liberalism.

So we have now seen that both economic liberals and social democrats find features to attract them in tax/benefit integration. The former see the possibility of greater market flexibility but insist that any integration embodies the virtues of a means-tested system, i.e. NIT. The latter see the possibility of undermining a work/welfare distinction which is increasingly irrelevant to today's labour market. However, they are sceptical about CI's unconditionality and will either prefer to leave it on the back-burner or admit that a CI variant, Participation Income, is the logical outcome of consistently and seriously pursuing a New Beveridge strategy. We will now turn our attention to another CI variant, a social dividend, which I will represent as a reform proposal corresponding to that ideology which is now only in the process of emergence: the democratic Left.

MARKET SOCIALISM AND SOCIAL DIVIDEND

1. Introduction

The democratic Left, as I have characterized it, favours those social security benefits which impose the lowest feasible withdrawal rates. A guaranteed income, provided regardless of one's earnings and work status, would therefore seem to facilitate the democratic Left's conception of an autonomous citizen. So when it comes to social security reform, CI's unconditionality seems to be more compatible with this ideology than with the previous two we have examined. However, if the democratic Left makes, and is to continue to make, a contribution to the CI debate on a par with those of economic liberalism and social democracy, as this thesis has argued, then its support for CI must go somewhat further than this. This is because it seems unlikely that a PCI could, by itself, provide the degree of autonomy with which I have associated a democratic Left society: if individual autonomy is to be maximized then employees must be as free to withdraw from the labour market as capital, and the modest level of a PCI does not permit this to any great extent. My objective in this chapter, therefore, is to argue that the democratic Left makes a serious and distinctive contribution to the CI debate by including a FCI in its policy agenda, and will only continue to contribute if it tries to show that a PCI could open up the door for the kind of social and economic reform which offers an alternative to both *laissez-faire* and welfare capitalism. So although a PCI seems acceptable to the democratic Left in the short-term, in the long-term it might be only be something resembling a FCI which could be satisfactory; ultimately, then, the desirability of a PCI stands or falls on its capacity to take us forward towards a FCI. The logic goes that if a FCI's 70% tax rate rules this source of funding out of court, then perhaps there are other ways of funding a FCI, e.g. through fees, or interest rates, charged for the borrowing of



publically-owned capital by co-operatively owned firms. In other words, a FCI could be thought of as a social dividend requiring a certain amount of social and economic re-structuring: the kind of re-structuring, indeed, which has long been associated with market socialist proposals. So, I am going to suggest that if the democratic Left wishes to develop a specific political and economic agenda then it should take a look at market socialist proposals for wider co-operative and share ownership, for it is only on this basis that it can make a distinctive contribution to the CI debate. When it comes to income provision, therefore, there are two principal questions which must be asked: exactly how would a market socialist environment fund a social dividend?; how might the transition to that environment, with its social dividend, be effected? The former question is not one I shall be concerned with for the reason explained below. I shall therefore concentrate on the second question and will suggest why a PCI may be thought of as one possible means through which a market socialist social dividend could be created.

I appreciate that I have here made some rather bold assertions. Why, it might be objected, could a social dividend not be funded by a market capitalist society? Certainly, this would require high rates of general taxation - as well as corporation, capital-gains and inheritance taxes - but there is no structural obstacle preventing this and, therefore, no basis for imagining that market socialism is the *sine qua non* of a social dividend. In reply, I fully acknowledge that funding a social dividend is a question of political will before it is one of institutional reform, since it is this will which presently constitutes the greatest obstacle to the introduction of something like a FCI. This is because the political will of market capitalism is that value-system which is oriented towards the private affluence gained through activities, wage-earning especially, in the formal economy - even though such values may be blind to the realities of inherited wealth. That the prevailing political will of market capitalism is probably inadequate to ever create and sustain a social dividend can be seen in the fate accorded to the ideas which Sam Brittan expressed in the 1980s. Brittan proposed that instead of creating privatized monopolies out of the nationalized industries, we should all be made share-holders of those industries and so be able to draw on a national dividend. Yet it was the prevailing 'get rich quick' mentality which ensured that

such ideas were never likely to gain support. Indeed, this is why I am primarily concerned with the second of the questions mentioned above, since we must consider whether the will to develop a market socialist economy could ever emerge, before we can elaborate on the details of its institutional structures. So, what I am going to suggest in this chapter is that the democratic Left should think of a PCI as a means of altering the prevailing political will of market capitalism.

In section 2 I will outline a feasible market socialism, i.e. one which falls short of an economy with 100% co-operative ownership, and explain why even problems of transition to this more modest version of market socialism still exist. In section 3 I will explain why a social dividend is important to a market socialist economy, and in section 4 I will outline why I think the democratic Left should conceive of a PCI as forming the blueprint of a social dividend within a modest market socialist environment.

## 2. Market Socialism and the Problem of Transition

The debate over market socialism first arose in the 1920s and 1930s, largely as a result of free-marketeers insisting that command economics lacked credibility (Hayek, 1935 & 1949). Some socialists responded by arguing that the market co-ordination of production, allocation and distribution could be combined with widespread public ownership of the means of production. In this way, the benefits of both markets and planning could be deployed (Lange & Taylor, 1964). The debate faded and remained dormant for some forty years or more. Then, once the political climate had altered and it was the free-marketeers who ruled, market socialism re-emerged as one of several responses made by the Left to Thatcherism, to the increasing conservatism of social democracy and to the failures of command economics in the Eastern bloc (cf. Mandel, 1986 & 1988; Devine, 1988; Cohen, 1991). Despite the attempts by some on the Right to discredit it (De Jasay, 1990; Gray, 1992), market socialist theory has remained remarkably resilient. For the most part, the bulk of attention has been directed to either its desirability (Miller, 1989; Pierson, 1995) or to its eventual feasibility (LeGrand & Estrin, 1989; Roemer, 1994). My proposition is that insufficient attention has been given

to exactly how the transition to a market socialist economy could be effected (cf. Pierson, 1995, 189-211). For unless this is addressed, then questions of desirability are of theoretical interest only and questions of feasibility are incomplete. It is not a matter of predicting the future, as Roemer (1994, 126) would have it, but of ensuring that such debates have practical as well as theoretical implications.

Now, market Socialism implies the market co-ordination of production, allocation and distribution combined with the widespread public ownership of the means of production. Two forms of market socialism may be identified, corresponding to the historical periods distinguished above:

- 1) Where there is a market for consumer goods and labour, but none for producer goods
- 2) A market for all three, plus a degree of worker ownership and control.

Allen Buchanan (1985, 104-6) sorts out the several components implied by these two options:

- 1) (a) With no production market a Central Planning Board ( CPB ) is to allocate resources and determine an investment plan;  
(b) The CPB must also set and re-adjust prices for producer goods - whether the prices are too high or too low depends upon the supply of consumer goods produced from producer goods;  
(c) Managers must minimize the cost of production and produce at a scale of output such that the marginal cost of the product equals the price of production.
- 2)(a) Government is to set an overall investment plan and minimize unemployment;  
(b) Firms compete within a consumer market and for investment funds which government lends at a particular interest rate;  
(c) A firm's workers determine its product, process and division of profits;  
(d) All workers vote, though authority may be delegated to managers.

Now, model 1) was developed by Lange and Taylor (1964) in response to the charge of Mises that,

Where there is no free market, there is no pricing mechanism; without a pricing mechanism, there is no economic calculation....Exchange relations between production goods can only be established on the basis of private ownership of the means of production. (1935, 11-2; cf. Mises, 1969)

It was Hayek (1935, 207-14), of all people, who took issue with this to argue that rational allocation under socialism was theoretically feasible - the mathematics being readily available - but, in practise, it seemed unlikely that millions of simultaneous equations could be solved: no such quantity of information could be accumulated and co-ordinated.

Lange and Taylor's response (1964) proposed simulated markets whereby a CPB would set prices for industrial goods, so that industrial managers would use these prices in calculating their outputs. If, subsequently, a certain product was in excess supply its 'price' could be lowered; if in excess demand its price could be raised. So such trial and error would simulate the expansions and contractions of capitalist markets and thus enable the numerous equations to be solved. Hayek replied that this was to exclude the innovative and risk-taking role of the entrepreneur. Further, the CPB would lack understanding of what products to fund and knowledge of how industrial firms were truly performing - rectifying this would only increase central authority and bureaucracy (1949, 196-9). Managers would have few incentives to minimize costs because they would assume that funds would always be forthcoming from the CPB - a problem known as the soft budget constraint (1949, 203-7). Finally, market simulations would always lag far behind the supply and demand fluctuations of the real, dynamic economy since the calculations required are still so immense (1949, 188 & 192-3).

Over time, Hayek's contribution to this 'calculation debate' has proved decisive and Lange increasingly took on board many of his adversary's arguments. So, it is to the second of the two models outlined above to which market socialists now tend to refer. Planning would, therefore, be less essential to a market socialist economy than was once thought; what is more, the co-operatives stressed in the second model would need to exist side-by-side with familiar private firms. Yet many still insist on treating market socialism as a once-and-for-all, all-or-nothing affair.

Paul Hirst recent critique of market socialism is guilty of this.



Hirst's intention is to rekindle a tradition of pluralist democracy that "...developed in the nineteenth century as an alternative to both liberal individualism and socialist collectivism" (1994, 15). This advocated an economy that would be decentralised and non-capitalistic, based upon 'co-operation and mutuality', and a political system that would be based upon 'voluntarism and self-government'. In Hirst's (1994, 21-34) version of this new forms of economic and social governance would take us beyond the dichotomy of the public and private spheres. An associative democracy would revitalize civil society by 'publicizing' it, which means that self-governing, voluntary bodies would be treated not as secondary associations, but as the primary means both of democratic governance and of organizing social life. Equally, the state is 'pluralized', i.e. it remains as the source of public finance, is democratized to enhance public accountability, but is not allowed to substitute for the actions of self-governing associations. As for market socialism, Hirst insists that it simplistically reduces the economy to enterprises and households which are then assumed to be linked merely through markets and competitive activity. So it retains the split between the public/political and civil society, and assumes that state intervention alone can effect communication between them. Associationalism, meanwhile, would supplement markets through local, economic governance (1994, 135-7).

But it is not clear why Hirst should consider market socialism undesirable. He talks of supplementing markets, but why cannot the markets which are supplemented combine private, co-operative and state ownership as the more sophisticated market socialists have called for? If market socialism is a theory which can do nothing but uneasily combine neo-classical economics with statist mechanisms, then Hirst's objections would seem justified. But if market socialism is more flexible and plural than this, then why not employ both it and associative democracy to the most practicable extent? Though I will not myself make any great attempt to spell out what an associative market socialism would look like, I do, at the very least, insist that market socialism be regarded as a pluralist proposal, rather than as a once-and-for-all, all-or-nothing affair. This is so because while the democratic Left requires a radical and feasible economics if it is to have a political future, any political economics it develops has to encompass a plural site of diverse

interests and objectives. This is why we shall be considering it in the light of ecological and feminist critiques in the next two chapters. But if Hirst's hostility is somewhat extreme, where does it come from?

Hirst's total rejection of market socialism is quite simply entailed by his insistence that the Left-Right spectrum has faded. For if the "politicization of property relations" no longer dominates politics (1994, 8-9) then widespread market socialist reform would seem atavistic. But it is this insistence which largely divorces Hirst's otherwise interesting ideas from the realities of social policy analysis. For instance, he calls for a CI as the plank of an associationalist welfare system - because its non-state universal provision would enable large-scale experiments to be made (1994, 179-84) - but he seems to have little appreciation of the point which is central to this research thesis: namely, that the *form* of a CI alters depending upon where we are on the ideological spectrum. So, as we have seen, economic liberals favour NIT to maximize work incentives and minimize costs. Social Democrats favour maintaining the social insurance principle: a Participation Income. The democratic Left, assuming that they do make a distinct contribution to the debate, are those who favour a social dividend. These are substantial differences and, quite simply, CI could not exist in an ideological vacuum. But Hirst takes no account of this. So by casually invoking CI, with no such ideological reference, Hirst damages the efficacy of his ideas. I am arguing therefore, that those who deny market socialist ideas any relevance whatsoever, do so because they believe that the Left-Right spectrum no longer accounts for essential political distinctions and divisions, a belief which I maintain is both premature and naive, as we can see if we observe Hirst's approach to the CI debate.

It is the reluctance to take on board this more modest, diluted version of market socialism which also spoils Pierson's (1995) otherwise interesting discussion of Leftist economics. After all, if all firms, without exception, had to be commonly owned - whatever that may mean - before we could refer to such an economy as a market socialist one, then even an economy where 99% of firms were so owned could be referred to as capitalistic. This is nonsensical. What is more, no-one supports such a 100% state-of-affairs in any case, and few probably ever did. Anything more than a primitive, small-scale

economy requires market co-ordination in some form; further, even the simplest commodities require such a complex production process that the planning and co-ordination of that process in its entirety, by the associated producers, seems unrealistic. Collective appropriation is referred to by Gorz (1982, 23-34) as a myth: a mass economy cannot be treated as a factory and cannot be split into hundreds of thousands of sub-units to be run by their workers. This, of course, does not mean that we are condemned to the levels of co-operative ownership which currently prevail. Such forms can and should be encouraged. What I insist, given the point made above, is that if co-operatives were to multiply and account for an ever greater percentage of the total economy, then, at some threshold we would be justified in defining such an economy as socialistic - otherwise we are led back to the nonsense of defining capitalism as anything less than an economy consisting of common ownership and nothing else. However, having made this point, little consensus could ever be expected. What percentage of all firms would have to be co-operatives before the respective threshold is reached? Commentators disagree, and economic liberals tend to reject the question as meaningless. My own feeling - and it is nothing more than this I am afraid - is that we would be in a market socialistic economy once between a third and a half of all employees worked either in a co-operative or at least in some kind of labour-capital partnership, involving some kind of share ownership scheme. So when I refer to a market socialist economy or environment, therefore, I will be referring to this version; a more modest version, and therefore more plausible, than the original Lange model.

Now, since I am largely concerned with the issue of transition I will not be engaging with the debates referring to the institutional structures of a market socialist economy (Bergson, 1967; Vanek, 1970; Elson, 1988; LeGrand & Estrin, 1989; Miller, 1989; Gray, 1992). The most important point to note is that whereas in the first model a central role is given to a CPB, in the second model state banks would be created. These would compete both with each other and with private banks to lend out capital; the difference being that such state banks could also be given a remit to lend capital at more favourable rates of interest to those firms whose motivation is not only to make profits but also to engage in the kind of participatory, egalitarianism and co-operative activity which offers an alternative to



capitalistic enterprise. Even these favourable rates of interest would need to be competitive, but at least this would be a way of restoring capital markets while, hopefully, encouraging behaviour which does not always take profit as its bottom-line. Co-operatives would be encouraged, but not entrenched producer-groups. Risks could be taken, and success rewarded, but the penalties for failure would be nowhere near as extreme as at present since there would be a CI/social dividend to cushion the blow of market failure - see below. Mal-investments would be disclosed since competitive activity and contractual obligations would drive out the soft budget constraint. Capital assets would probably not be alienable, because not privately owned, but returns to *partial capital-holdings* would, so retaining income differentials - which is to allow for self-interest, but not selfishness, in individuals' motivations. Yet, as I warned in this chapter's introduction, this is to make an imaginative leap and ignore the problems of transition. Why do such problems arise?

Surely, many say, it is the case that relatively few co-operatives exist because workers do not desire them and almost certainly never will. And if this is the case, does that not make market socialism a non-starter to begin with? But that, in reply, is to make the Nozickian assumption that the market is a neutral device conducive to any form of economic and social experimentation. But what if the market discriminates against certain preferences? This is not because of a capitalist conspiracy, rather, it is because a certain ethos is required to survive in a capitalist economy. Private banks are profit-maximizers first and foremost, and though it may be desirable to have firms which, while needing to stay in business, would have other considerations (such as workplace democracy) such private banks will have an overwhelming interest in lending capital to the more efficient, profit-maximizing capitalistic enterprises. The more egalitarian a co-operative is, the less profit it is likely to make and the greater the possibility of bankruptcy. If profit is raised in its scale of priorities then the more successful it will be, but the less able to refer to itself as a co-operative - since reducing labour costs and so re-introducing wage differentials will be one of the main ways in which profits are generated. So rather than neutrality setting limits to politics, as economic liberals tend to insist, politics and pre-institutional factors implement a



particular form of neutrality so that any market socialism, therefore, requires a political intervention:

...we must impinge slightly on the prospects of those with market-oriented conceptions of the good in order to enhance the prospects of those with other priorities. (Miller, 1989, 96)

In reply Gray (1992, 50-2) observes:

- 1) That there are inevitable limits to neutrality which market socialism, by trapping workers in co-operatives, would violate anyway;
- 2) Other forms of productive enterprise are driven out by the Capitalist market (the small corner shop, the family firm);
- 3) Workers simply do not desire a co-operative economy.

Let us look at these briefly. There is no evidence to substantiate 1), since a pluralist egalitarianism could offer greater liberty by permitting waged activity as now or participation/ownership within a co-operative firm. Against 2), the fact that the capitalist market is admitted to drive out other productive enterprises, if anything, strengthens the case for implementing reform to minimize such bias. Finally, 3) repeats the familiar Right-wing assumption that desires are unformed and a priori. But if workers recognize market bias implicitly then it is no surprise that they rarely desire what they feel is unlikely to ever exist. Perhaps the widespread existence of co-operatives is a necessary condition of the desire to join them (Elster, 1989, 110).

So, the fact that co-operatives are not generally desired does not mean that they are undesirable, nor that they could not be widely desired in the future. Yet this still leaves us with the problem of how the transition to a market socialist society could ever be effected. But before examining this issue we need to understand where a social dividend fits into the market socialist picture.

### 3. Social Dividend

In this section I will outline the roles of a social dividend in a market socialist economy.

I have claimed that a social dividend is the ideological form of CI favoured by the democratic Left and that this would require some kind of market socialism environment. Far from this being a tortuous association on my part, the fact is that CI finds many of its influences within the market socialist tradition, or in Left ideas allied to it. As early as 1920 G.D.H. Cole, though seeing wages continuing as the main source of income, predicted that,

...the commune will itself have the task of determining the allocation of income to those sections of the people who are not in receipt of an income directly from a functional body. (Cole, 1920, 146)

Lange advocated a social dividend, to be received independently of one's occupation, as being necessary to a market socialist system - because it effects a trade-off between equality and efficiency (Lange & Taylor, 1964, 74-5 & 83-4 & 100-3). H.D. Dickinson, too, speculated about a social fund - funded out of taxation and interest on capital - which if,

...more than sufficient to supply all the needs of the community, for social services and capital formation, then the balance may be distributed among the citizens as individual income. (Dickinson, 1939, 135-7)

For the most part, then, a social dividend was regarded as a desirable consequence of a market socialist economy, rather than as integral to the workings of such an economy. Those socialists who were most hostile to capitalism, without lurching into Stalinism, were attracted to it both because it by-passed the social insurance principle - regarded as functional to a capitalist economy - and because it could be viewed as a return on socially-generated wealth in a way that wages never could. As the market socialist debate faded so did the attention directed to social dividend. Did that attention revive as the market socialist debate re-emerged in the 1980s?

To a certain extent it did (Breitenbach et al, 1990, 31-5), though without the attention that might have been expected. In any event, I

think we can identify three roles which a social dividend would have to perform in a market socialist economy; two have just been mentioned. Firstly, it would perform a functional role. A social dividend would be one instrument through which market failures could be corrected. This would be as necessary in a market socialist economy as in a capitalistic one, e.g. remember C.H. Douglas's (1974) idea of remedying the deficiencies in purchasing power of twentieth century capitalism through a social credit system. For James Meade (1993, 152) some form of social dividend would allow wages to fall to market-clearing levels, so soaking up unemployment and squeezing inflationary pressures out of the economy. Meade, too, is thinking largely of a capitalistic economy, but such ideas would probably have to be applied to a market socialist one also. Secondly, a social dividend would have a re-distributive role. This not only implies a transfer of income to the poorest, but a means of doing so which is paternalist without being perfectionist - whereas the present, conditional, benefit system seems to do the opposite. Roemer (1992) and Meade (1993, 148) regard a social dividend as a way of achieving an equality compatible with the other desirable objectives of liberty and efficiency.

But these roles are relatively modest: instrumentalist and largely concerned with income. They are not specifically market socialist and, as just indicated, they overlap with the concerns of pro-capitalist theorists. In a market socialist economy a social dividend would have a third role. As I have said, in contemporary models the CPB gives way to a series of public investment banks to lend out capital. The proposal is that the returns to this capital, via interest-payments, be distributed equally among all. Roemer puts the point succinctly:

...the profits of firms will not go to a small fraction of society, but will be divided, after taxes, more or less equally among all households....The social dividend will be a form of guaranteed income....it is that part of the national income which is not distributed as wages or interest, but which belongs to the people as owners of the means of production. (Roemer, 1992, 453-4)

This is an important point to remember. A CI might well connect individuals to the means of subsistence, but it is still a transfer. The function of a social dividend would be to connect us to the means of production. I will suggest in the next section that it is the

establishment of this connection which may well require a change of political will, so that the formal economy begins to serve a variety of value-systems and makes room for alternate activities in the informal economy, and the kind of institutional reform which market capitalism seems unable to accommodate. In any case, a social dividend would be a *symbolic representation of the collective ownership of social wealth* and, as such it resembles what Unger (1987, 491-3) calls a rotating capital fund where the "collective review of the arrangements and results of economic life" are more deeply integrated into the institutional order than at present, and where our conception of property rights itself changes. But this is to move, again, into the realms of speculation. We must begin to understand why a PCI could provide the blueprint of a social dividend.

#### 4. PCI as the Transition to Social Dividend and Market Socialism?

In this section I will present an alternative to traditional Leftist conceptions of social transformation and explain why a PCI could effect changes to the political will of market capitalism, such that the ideal of a social dividend could become widely held and so propel the kind of institutional reform which takes us towards a market socialist economy as I earlier defined it.

There are two components essential to any social transformation: people must desire it; there must exist mechanisms through which it can be realised. The scale of the transformation depends upon how many people act to change things and upon their resources - the poorer the agents, the greater the numbers required. The nature of the transformation is largely determined by the mechanisms available. So, many have said that political institutions in a capitalist economy inevitably blunt radical reforms. Crudely, then, two processes must act in concert: the state must 'push' reforms; agents must 'pull' reforms toward civil society.

Now, the Left has generally been poor at developing transitional strategies. Marxists have come closest to emphasizing 'pull', but this has tended to be within the limiting context of historical materialism, such that class consciousness unfolds according to essentialist principles. The history of Marxist theory - certainly



for Lenin, Gramsci and Althusser - is then the history of attempts to re-think this essentialism. It is non-Marxists, meanwhile, who have tended to be statist. Social democrats, for example, have usually imagined that a Left party could be elected, initiate radical reform and so come to be accepted by the vast majority of people from whose eyes the scales would have fallen at last. It is as if the job of the working-class was to vote for, and pass power over to, their Labour representatives. There have been exceptions on the Left, e.g. syndicalists conceived of building economic democracy from the bottom up. For the most part, though, the Left have emphasized 'push': an avalanche of reform begins at the top-most level and is subsequently desired by those whose lives it is intended to improve. Similarly, in the market socialist literature we find proposals like Saul Estrin's to socialize existing firms and Julian LeGrand's to introduce education vouchers (LeGrand & Estrin, 1989, 169-92 & 198-211). Time and again the state is the main starting-point.

But what if the emphasis is inverted? What if social transformation must be widely desired before it can be implemented so that desire is an antecedent to, and not a consequent of, state reform? By 'antecedent desire' I do not mean simply voting a Left party into power to leave them, hopefully, to improve things; I mean a revolution in ethics and behaviour such that demands for reform could not be resisted, perhaps not even by the Right. Could a PCI initiate such a revolution?

In chapter 4 I defined the employment ethic as that which reduces 'work' to 'wage-earning activity in a labour market' and then makes the performance of such work the highest virtue attainable in a modern economy. Most of those who dismiss CI do so, whether they know it or not, in the name of this employment ethic. Now, in the introduction to this chapter I referred to the political will of market capitalism as having something to do with the valuation of the private affluence derived from profit-making activity in the formal economy, activity which, for most people, involves wage-earning. In other words, the political will of parties and electorates in Western societies revolves around the centre of gravity established by the employment ethic. Those who prefer more of a publically-minded ethos are increasingly fighting against the desire, sometimes unadmitted, for consumer goods and the ever higher living standards which we in the West have come to expect. It is this political will which the

democratic Left must aim to transform and it is possible that a PCI could be a valuable weapon in doing so. There are two reasons for this.

The first reason offers a direct challenge to the employment ethic. Basically, if a PCI brought about the advantages which its supporters claim for it, then a substantial pro-CI electorate could be created with political pressure building up for ever higher levels of income, the unconditionality of which would no longer be a major stumbling block. There are two advantages which could bring this new constituency into being.

On the more materialist side of things, I noted in the introductory chapter the research which suggests that even CI levels below that of a PCI might well have a strong redistributive impact, both on the poorest and on many below-average and middle-income earners (Parker & Sutherland, 1994). A PCI, it is thought, would have a still higher impact. If this actually occurred, then a sizeable proportion of the electorate would have been created who might then favour still higher levels of redistributive CI, with a knock-on influence on the political process. If a PCI delivered the redistributive goods, as it were, then the unconditionality, to which the employment ethic stands opposed, might become less of an obstacle. Of course, there is no necessary reason why, once this electorate was formed (assuming that it would be), it could be maintained. The stability and longevity of any such electorate would depend upon the skill of the democratic Left in keeping it alive. There is always the danger that the wealthier voters would accept the redistribution of a PCI but not support any further reform along those lines. And, obviously, it may be that a PCI is never introduced since the employment ethic is held so strongly by so many in the first place!

But there is also a more substantial, non-materialist advantage through which a pro-CI constituency, no longer in thrall to the employment ethic, could be formed and maintained. This involves the potential for CI, often noted in this thesis, to subvert established attitudes to work. This it could do in two ways. Firstly, by providing a minimum income without reference to work status it could educate people not to equate 'work' with 'employment'. This is especially important for those who are not entitled to benefits, though they should be, because our social security system regards

most benefits as a means of replacing lost earnings. This is especially disadvantageous to women. Secondly, it would allow a greater plurality of lifestyles than are available at present since, by disregarding work status, CI does not require that individuals tailor their life-patterns, even their very identities, to fit in with the needs of the labour market and with career-oriented norms. If it is conformity to such needs and norms which came to appear undesirable, then those who experiment with alternative lifestyles might no longer be confused with 'free-riders', and nor would we continue to imagine that individuals can be press-ganged into being citizens. Also, a PCI could entail a change in behaviour. By making the formal labour market less essential to livelihoods, e.g. by helping the poorest to refuse low-paid jobs, a CI might encourage activity that currently goes unrecognized: for instance, the innate creativity which, for so many, remains innate because it is not wise - let alone practical - to take several months off to follow personal ambitions.

These points regarding attitudes and behaviour are not as far fetched as they might at first appear. Given the changes in the labour market, attitudes and behavioural patterns are already having to alter without the benefits which institutional reform would undoubtedly bring. As such, it is reasonable to speculate that support for the principle of CI would grow as it became recognized that it represented such reform. Many people could begin to recognize that CI, by taking the emphasis away from the activities in the formal economy and so making them less essential to our personal identities and social welfare, might provide individuals with more opportunities to practise those informal activities - such as educational and creative endeavours - which they currently have to neglect if they are to earn enough to survive and prosper. Also, a PCI could mean that those activities which are already widely practised - such as parenting - do not have to involve individuals, usually the mothers, devoting almost all of their time to them, i.e. if wages no longer have to provide all or most of the household's income then there is less pressure on fathers to earn the equivalent of a family wage and more opportunities for both parents to share duties within the home and take advantage of opportunities outside of it.

So, by directly challenging the employment ethic, especially on



these non-materialist grounds, a PCI could go some way to undermining the emphasis which the political will of market capitalism gives to the formal economy, while offering a coherent post-employment alternative behind which an influential pro-CI constituency could be built. But if higher CI levels were desired, how would they be funded? Answering this requires us to consider another innovation which a PCI could involve, one which is less subversive of the employment ethic and so one which might appeal to many of us, Left and Right.

So, when it comes to the informal economy a PCI goes some way to undermining the employment ethic. But if we now consider the formal economy, the second reason why a PCI could weaken market capitalism's political will is not so much that it undermines the employment ethic, as provides other channels through which that ethic may be expressed. Many consider that a PCI would encourage greater economic enterprise, experimentation and risk-taking than at present. There are two reasons for this. Firstly, because a PCI provides more of a cushion against job losses and business failure than either selective or contributory benefits, both of which take several weeks to claim and which, because they are meant to constitute almost all of an individual's income during times of dependency, provide little basis for building up the kind of savings which can be invested. Secondly, because a PCI is guaranteed then its provision can be relied upon for however long into the future it may be needed, thus providing not only a source of investment but a more stable source than either banks - viewed with hostility by many of the self-employed - or personal savings and shares can provide. On both counts, therefore, a PCI could encourage more people to try their hand and set up businesses. If, for instance, half a dozen people were to set up in business and agree to invest their PCIs, then a guaranteed source of investment, amounting to a couple of hundred pounds a week, would be made available, on top of any other capital which is obtainable. By the same token, of course, existing businesses would have an additional cushion standing between themselves and failure. Now, many of these new businesses would be the kind of small firms and shops which already predominate. But many will also be the kind of co-operatives and partnerships which are currently difficult to establish for the reasons detailed earlier. If a PCI, as such, had these desirable effects then there is another



reason to believe that higher levels of CI would become widely desired.

So, on the one hand, a PCI seems to open up opportunities within the informal economy which challenge and offer an alternative to the employment ethic. On the other, it seems to provide opportunities within the formal economy which, by allowing greater risk-taking, participation and co-operation than at present, permit a modified employment ethic to flourish in an environment where people are no longer simply defined as employees. Far from being a inconsistent, these points testify to the 'plurality of lifestyles' of which I have spoken. On both counts, the political will which values the private affluence derived specifically from wage-earning is undermined. A PCI could motivate a new political will which, geared towards the advantages of pluralism in economic and non-economic activity, could provide the motivation for citizens to demand further reforms. Nevertheless, even if this were so, how would higher CI levels be funded?

It might be done through taxation, of course, though we still run up against the objection that since a majority of people would continue to be wage-earners, not having taken advantage of the opportunities to either opt-out of the labour market or to be more participatory within it, then taxes set at too high a level would hamper the sustainability of a high CI. Green taxes could assist - see the next chapter - but it is also unlikely that they, on their own, would be enough. In short, if a PCI had these beneficial effects and if demands for higher CI levels built up, then this could only be accommodated by finding an alternative source of funding. The most obvious candidate would be to institutionalize a system whereby the returns to publically-owned capital are used to fund higher CI levels, i.e. a social dividend (Gray, 1988, 130; Åslund, 1992, 26-7).

Basically, the kind of state banks which I referred to earlier would be established. They would be in competition with private banks and with each other, and might be required to offer favourable rates of interest to those firms who are judged to be pursuing moral, and not just profit-making, ends. If such state banks were truly competitive and so able to remain in business, then the returns on the capital loaned out could be used to fund higher CI levels. In other words, the economic innovation which a PCI might be responsible for in the formal economy could also suggest ways of funding still higher

CI levels. Such returns on state-loaned capital could not be regarded as mere taxation, since it is the state-loaned capital which would have helped to generate the enterprises' profits in the first place, and if distributed as a social dividend would improve still further the motivation to take risks and start up businesses. A virtuous circle is therefore created. The higher the social dividend then the greater the entrepreneurship that might be encouraged with, consequently, state capital yielding ever greater returns, and so funding still higher levels of social dividend. In short, if PCI were to be a popular measure then political pressure could build up behind it leading to a transformation in the way we regard capital and the dividends on profit-making. This would have the effect of connecting us to the means of production, as Roemer observed. If more co-operatives and partnerships were to be facilitated through such state capital then, as I insisted earlier, once such firms constituted a certain percentage of the economy, we would be justified in referring to that economy as market socialist. It may be difficult, and even impossible, to agree on what that percentage should be, but we would certainly err if we insisted that market socialism must be regarded as a once-and-for-all, all-or-nothing reform: a type of property-holding which must blanket the entire economy.

So the potential of PCI for a democratic Left future is this: it decentralizes economic power to some small extent and, by altering the 'parameters of choice', invites people to demand that it be decentralized even more (Millar et al, 1989, 80; Elson, 1988, 28-30). Bill Jordan expresses a similar point:

In a social dividend society, which used the mechanism of a guaranteed subsistence income and a right not to work so as to confer equal citizenship on all, the notion of a plurality of forms of enterprises, but a universal right for workers to be represented in decisions about production, would be attractive. (1985, 316)

The point of the above argument has been to suggest that sufficient numbers of people might be educated by their experiences of PCI to find such a society attractive and so demand that it be brought into being. At the very least, it is such an argument which the democratic Left can and must take into account.

Of course, there are numerous objections which can be raised to

the above scenario. As already mentioned, perhaps a PCI would fit comfortably into our capitalistic environment and not motivate people to desire higher taxes and social dividends to fund higher CI levels. Also, would the returns on state capital be enough to fund anything very substantial, especially since another function of such banks might be encourage firms which, while having to make a profit to stay in the market, would also possess non-profit-making objectives? And even if several billions pounds worth of revenue were raised this would only add a few pounds to the PCI and so might be better spent elsewhere. These points, though, are relevant to the feasibility issues of market socialism and social dividend which are not my concern - even assuming that I had the competency to tackle them. But there are three objections of more direct relevance to the above scenario.

Firstly, I have already mentioned the objection that PCI, far from effecting any such changes in political will, would require such changes itself if it were to be introduced in the first place! This objection I will set to one side since if we really are serious about social justice then any such reforms will require a wide-ranging constituency with the requisite changes in attitudes and behaviour. The nature of those attitudes may be different with CI, e.g. they would need to involve support for an unconditional income rather than simple minimum wages, but there would need to be substantial public education whichever route we go down. As I have observed several times, for the proponents of social justice there is no easy option.

Of more importance is a second objection which points out that a social dividend would require exactly the kind of state-heavy legislation which I earlier denounced! So it would. A PCI needs to be argued for and introduced in terms of existing ethical and behavioural principles; for instance, that an unconditional transfer makes more sense because it is at present that millions are paid money so long as they remain economically inactive. To this extent my earlier distinction between 'push' and 'pull' breaks down. But what I am arguing for is not simply CI but a PCI as the *foundation of a social dividend*. A PCI would indeed require political reform of the existing systems by existing legislators. What I am suggesting is that such a PCI would effect changes in attitudes and behaviour such that pressure could build up *from below* for further reform. The

state banks, as the source of funding for a social dividend, would certainly require structural reform by politicians and policy-makers, but they would only be created in the first place if there were the political pressure about which I have speculated and which would make CI levels as integral to electoral calculations as inflation, taxes and public spending.

Yet there is a third objection, the most important of all. For though the above scenario seems neat and not entirely implausible within the confines of a nation-state, but what of the international dimension? What of capital-flight? Erik Olin Wright (1987, 661-6) raises the spectre of capitalists being scared of CI to the extent that they withdraw investment and go in search of more favourable social security/tax regimes abroad. So even if a CI were introduced the mobility of capital, as always, would ensure that movements for radical reform stalled and either conservative forms of CI emerged (NIT) or more modest versions (Participation Income). It is precisely such considerations which make the emergence of a European welfare state unlikely (Liebfried, 1994). However, once again, since this objection is relevant to all of those who favour some form of social justice, and not just to that version of social justice specific to market socialism, then I will postpone discussion of the European dimension until the final chapter.

So, we can summarize the above scenario by saying that, in the informal economy, a PCI would go some way to undermining the employment ethic while, in the formal economy, it could channel that ethic into the sort of enterprising activities which capitalism infrequently allows. This would not subvert the institutional base of capitalism but it might begin to alter its political will, such that higher levels of CI would be demanded in the form of a social dividend as funded through returns on state-loaned capital. The value of CI to the democratic Left, therefore, is that in the short-term a PCI is compatible with capitalist imperatives and, indeed, might even promote them by facilitating economic innovation in the setting up of small businesses etc. Nevertheless, PCI could be something of a 'stalking-horse'. For in the long-term, CI is potentially pro-socialist, in that, by shifting the political will of capitalism, a reform involving the socialization of property begins to appear less frightening, i.e. as heralding statism, and more as a means of funding a social dividend through which still



greater opportunities within both the formal and informal economies can be generated.

## 5. Conclusion

The objections which I raised a short time ago, as well as numerous others which lie outside my scope, throw into question the feasibility both of a market socialist environment and the possibility of that environment funding a substantial social dividend. Even so, I conclude that my objective in this chapter has been realized. That objective was to provide us with sufficient reasons to think of the democratic Left as making a distinct contribution to the CI debate. The democratic Left, I have argued, must theorize ways in which people can become more autonomous than they are at present. This means having the opportunity to opt-out of the labour market on conditions of our choosing and being able to participate in the formal economy above and beyond our current status as wage-earners. CI therefore offers the democratic Left one way forward, and since it resembles the social dividend proposals which pepper the tradition of market socialist thought, then we have one reason to attribute a distinct contribution to the CI debate by the democratic Left. Furthermore, since there is an argument that PCI could act as a springboard to higher levels of CI, and perhaps eventually to a social dividend, then we have a second reason to consider the democratic Left's contribution alongside those of economic liberalism and social democracy. The feasibility of a social dividend may be argued over *ad infinitum*, but that there is a *prima facie* case for examining the social dividend proposal in the first place seems clear

Now, though the democratic Left, if it is to wield political influence in the future, must allow for the kind of co-operative ownership implied by market socialism, at the same time, it must embrace a constituency far wider than that which the Left has courted in the past. Market socialism, as such, is only part of the story and in the next two chapters I will offer ecological and feminist critiques of market socialism to see what role they could have to play in the democratic Left's project. So, each of the next two chapters has two objectives. Firstly, to convey the distinct justifications

which ecological and feminist theorists could give, and have given, for CI. Secondly, to round off our account of the democratic Left's approach to social security reform. By the end of these final chapters, therefore, we will have completed our investigation of the ideological dimensions of the CI debate.

## ECOLOGICAL THOUGHT AND CI

1. Introduction

There is a delicate balancing act to be effected in this and in the next chapter. As I explained in the introduction I do not believe that ecological and feminist thought merit equal weight with our other three ideologies. The former has lent great support to CI but critiques of the welfare state are few and far between (George & Wilding, 1994, 161-88). The latter has offered extensive critiques of welfarism (Pascall, 1986) but few treatments of CI. Nor does either seem able to offer a distinctive model, as opposed to justifications, of CI. At the same time, though, it would be negligent to simply ignore ecology and feminism. Chapters 9 and 10, therefore, attempt to do two things. Firstly, to present ecological and feminist approaches to CI per se; secondly, to offer ecological and feminist critiques of market socialism. This latter objective refers back to my insistence that a democratic Left economics must combine socialist as well as ecological and feminist elements - by this I am not claiming that economic liberalism and social democracy bear no ecological and feminist credentials, merely that they view such critiques as consistent with the social and economic structures which this thesis has already adumbrated. Hopefully, then, these chapters may be read in two ways. For those interested in a democratic Left perspective they provide some explanation of how the democratic Left must draw together a diverse range of interests and goals. But for those not interested in this perspective it is hoped that the accounts of ecological and feminist justifications of CI which are to follow stand on their own merits.

The second section, below, will sketch an outline both of an ecological ethics and of an ecological economics. The third section will discuss what role a CI might play in any Green society. The fourth section will examine other reform proposals, i.e. local

currency schemes and Gorzian working-time reductions, and ask whether ecologists should favour these proposals or CI. The fifth will insist that ecologists should not be dismissive of a market socialist strategy and that a CI could effect some kind of bridge between Green economics and market socialism, the former helping to eliminate the weaknesses of the latter.

## 2. The Ethics of an Ecological Economics

The one principle through which an ecological economics may be defined is that of sustainable development, the idea that in order to subsist and flourish we should not make demands on the world which the world finds it impossible to bear. But does 'sustainable' mean low-growth, no-growth, or some other notion of what growth and wealth might imply? To answer this we need to understand the ethical principles which ecologists would have such sustainability serve.

This is too big a theme to be pursued in detail here, given that whole books may be written on ecological ethics (Bookchin, 1980; Naess, 1989). In any case, all that we need do is to understand those aspects of such an ethics which are in some way relevant to social security reform. So rather than engage with the voluminous critiques of anthropocentrism - which chapter 3 touched on briefly in its discussion of Rawls and Parfit - I will focus upon what may be called a 'communal ethic', i.e. the idea that not only is the world an object of common ownership but that social practices and institutions should be structured in ways which reflect this.

Though hardly definable as a Green theorist in the sense we have come to recognize, some idea of what this ethic involves can be gathered by taking a look at Tom Paine. In 'Agrarian Justice' Paine (Foot & Kramnick, 1987, 471) defends a variant of Locke's theory of property rights. But, Paine was clearer than Locke regarding the status of the 'natural' world: namely, that it can be thought of as the object of common ownership, rather than the lack of any ownership (Foot & Kramnick, 1987, 476). That being the case, it is the expropriation of this commonality by the system of private ownership, however inevitable and justifiable, for which we have a right of compensation: "Every proprietor therefore, of cultivated land, owes to the community a ground rent" (Foot & Kramnick, 1987,



476). This ground rent would establish a national fund out of which a guaranteed income could be paid. What I want to suggest is that, though set in terms of classical liberalism, Paine's critique resembles an embryonic ecological and 'communal ethic'. For when modern-day ecologists stress a commonality between nations, generations, sentient and non-sentient life-forms it is not simply out of a fear that the world's resources are extinguishing but of a sense that those resources will only be preserved if we remember that they belong to all and so to no-one in particular. So this ethic is one of stewardship and nurture rather than of manipulation and control. Note also how Paine's guaranteed income can be thought of as a version of CI, as an income which re-establishes some kind of connection between the human world of civilization and the natural world of common ownership which we have lost. This is not a 'loading of the dice' on my part; on the contrary, Paine's support for such a guaranteed income uncannily reflects that which many ecologists have given to CI. Before addressing this below, however, we need to appreciate exactly what is meant by 'sustainability'.

As always, there is no easy answer to this. Herman Daly (1977, 107-8) defines a steady-state economy as "...constant stocks of people and physical wealth maintained at some chosen, desirable level..." This level might not be 'frozen' forever. It could evolve as values and technology evolve. But such growth would be temporary, deliberate and driven by moral considerations, considerations so often marginalized in the 'dash for growth' ethos of modern, industrialized regimes. So Daly would require us to alter our conceptions of growth and wealth, to subject them to moral critiques of desirability rather than accepting them unquestionably as goods to be pursued at all costs. But is this not just too abstract and utopian to take on real meaning? Daly (1977, 115-6) believes that three institutions would be necessary for achieving a steady-state economy. Two of these would be designed to keep population and physical wealth stabilized and need not concern us since it is the third which would be the most important. This would be a distributivist institution to limit the degree of inequality involved in the distribution of constant stocks among a constant population. This basically means defining maximum and minimum limits to personal income as well as a maximum limit to personal wealth. This institution would be the most important since it is here

that the economy would be provided with its moral basis which, as such, would make it a necessary condition of the other two institutions. Most interestingly, and at the risk of being accused of loading the dice again, Daly talks of NIT as the means for achieving the limits on income and wealth.

So, we see how ecological thought embraces, among other things, a communal ethic which stresses the common ownership of the world requiring, on the one hand, a sustainable economy - leaving the precise meaning of this open - and, on the other, a mechanism for distributing income which reflects this commonality. Is it merely a coincidence that both Paine and Daly mention some form of guaranteed income?

### 3. CI in A Green Society?

For ecologists this communal ethic, combined with the economic critique which says that finite resources and a finite eco-system cannot accommodate infinite demands, translates into an economics of sustainability, steady-state growth and minimum and maximum levels of wealth and income accumulation - for reasons of space I am passing over the specifics of these objectives. Daly (1973, 168-70), whose influence on such economics is second to none, accords a role to NIT. Why is this?

Of course at this time, in the 1970s, NIT tended to be a blanket-term applied to any notion of a guaranteed income and many people like Daly continued to refer to it as such, despite the proposal gradually taking on a Right-wing hue - see chapter 6. The important thing to note here is the mutual history between steady-state economics and a guaranteed income. The earliest reference I can find is that by Warren A. Johnson. Johnson (1973, 180-9) mentions a guaranteed income as a process that could make unnecessary forms of work in uneconomic locations more attractive to workers - who would no longer need to rely on the wages provided by such work. Funneling labour market activity into such forms of work would be necessary if economic output and production were to be slowed. He wants to distinguish between the objective of poverty relief, which is achieved by increasing the economic activity of the poor, and the objective of discouraging economic growth by the non-poor. He

defines, in these terms, three principles *cum* proposals. Firstly, expanding the opportunities for service in the public sector, especially for the young. Secondly, encouraging new methods of livelihood, which basically means a de-urbanization and a search for alternatives to the prevailing options of either a lifetime's employment, a form of economic tyranny, or complete inactivity. Thirdly, the promotion of economic health without the debilitating growth from which we now suffer. So, a guaranteed income could be raised or lowered, depending upon the productiveness of the economy, to maintain stability. It could be financed out of a tax on new technology and, to avoid higher birth rates, it could provide lower rates of income for a second child and so on. In short, Johnson views a guaranteed income as having an "evolutionary potential", as enabling a new form of economic behaviour which is consistent with new technology, but without being tied to it. As I have said, Daly (1973, 168-70) refers to a NIT as providing the guaranteed minimum income level and as the counterpart to a 100% tax rate which would set the maximum limit on income accumulation (cf. Daly & Cobb, 1990, 315-23).

Green parties, then, are those which are most closely associated with a CI and have more or less followed the lead provided by Johnson and Daly in the 1970s, i.e. that of associating steady-state economics with some notion of a guaranteed income which would both fight poverty and encourage more ecologically benign forms of work (Irvine & Ponton, 1988, 70-4; Kemp & Wall, 1990, 77-8). However, ecologists do not universally support a minimum income and the relation between Green political thought and CI sometimes seems tenuous. Two good examples of this observation can be given. For instance, Van Parijs (1992a, 26-8) writes that a CI would be ecologically insensitive, crude and not very well targeted on the objectives of resource-preservation and production-maximization. More effective measures can be imagined. He accuses Greens of 'cognitive dissonance', i.e. of desiring an anti-growth economy on the basis of their own subjective preferences, of confusing a personal hostility to economic development with an objective analysis of human/nature relations. Initially at least, Van Parijs insists, a CI would be growth friendly and Greens should support it not as a means to eliminate output growth, but as a way of integrating output growth with considerations of pollution and depletion. This



argument is paralleled by Richard Norman (1992, 150) who insists that any ecological argument only gains significance if it is seen in egalitarian terms. We find a similar scepticism within the ecological camp. Andrew Dobson accuses CI as being too much of 'this world', as offering no substantial break with present practices and as dependent upon the 'growth is good' and 'wealth for the sake of it' ethos which Greens elsewhere describe as unsustainable and immoral. So, it,

...looks like a social democratic measure grafted unsustainably onto the ailing post-industrial body politic, rather than a democratically Green measure in the spirit of solutions to the problems of sustainability raised by the spectre of limits to growth. (1990, 114-5)

Similarly, Boris Frankel (1987, 79-83) makes much the same arguments.

Now, in forming their 'unholy alliance', one to disassociate CI from Green economics and the other to disassociate Green economics from CI, Van Parijs and Dobson overlook the point which, in many ways, this research thesis is concerning itself with. Namely, that if considered on its own, without reference to other reform proposals however ideologically tinged, then CI is inefficacious and even somewhat meaningless. CI must be viewed as a transitional and 'partial' strategy which, in alliance with other strategies and policies, could effect widespread changes in society. What such changes would be, and what kind of society they could bring about, depends upon the nature of their ideological departure-point. So, both theorists are correct to argue that there is no necessary link between Green economics and CI, but incorrect if they imagine that either must therefore give way to the other. Van Parijs does not say anything that someone like Daly would disagree with. Why not interpret CI as part of a package of measures designed to target growth upon more ecologically benign objectives? Dobson, meanwhile, does not consider the long-term potential of CI to promote the informal economy. This would occur since CI would represent a non-employment source of income which, consequently, could encourage activity outside of the formal labour market on a scale greater than that now in evidence. In short, CI could assist in taking us beyond our employment-based society whose emphasis upon productivity and a



'more is better' way of looking at the world is exactly what fuels resource-depletion and pollution. Certainly, the initial modest levels of CI present a problem. But, as with social democratic objections to CI, there are no easy options, not if we are serious about reform - this is one of the reasons, as I will argue below, why ecologists should not rule market socialism out of hand. In getting where he wants us to go, Dobson does not seem to want to start from where we are. Or, as Claus Offe puts it:

...while the right to income as an unconditional citizen right would certainly not by itself alleviate the environmental and ecological risks and dangers of industrial growth and the full employment that is contingent upon such growth, it would probably contribute in indirect ways, for it removes some of the productivist pressures and anxieties and thus paves the political road towards targeted and selective environmental policies, some of which are bound to entail the very termination of certain lines of production and production processes. The basic income makes an ecological critique of industrialism politically more affordable. (1993, 230)

My own position, in contradistinction to both Van Parijs and Dobson, resembles that articulated by German ecologist Thomas Schmidt:

The demand for a minimum income seeks to achieve very little and at the same time a great deal: little, because we want to see technologically created unemployment better paid than it has been up to now; a great deal because we want those big social organizations which up to now have provided work and determined the meaning of life to accept that their time is at an end. (quoted in Hülsberg, 1985, 12)

So, my contention is that we have good reason to accord CI a substantial role within any ecological reform strategy - to what extent remains open to debate. At the same time I doubt that ecological thought actually offers a distinctive *model* of CI. I am far from being dogmatic about this; for instance, we might speculate about paying a lower CI to parents who have more than one child in order to help prevent a population explosion. In any event, even were this to be contemplated it does not seem to warrant the kind of attention we have given to NIT, Participation Income and social dividend since these refer to substantial structural differences in the design of a CI. A Green CI may, however, suggest another source of funding. Most ecologists seem to want to shift the tax burden from human effort (labour) and human-made capital onto land, energy and

resources. This might entail a Site Value Tax, where, "land ownership can become more like the right to practice a kind of stewardship..." (Kemball-Cook et al, 1991, 15), a stewardship which is then reflected in the taxation system (Kemball-Cook et al, 1991, 24-5). This idea resembles, as I proposed earlier, the kind of communal ethic as suggested by Paine. The purpose of such taxation might be to 'excavate out' a third sector between the public and the private, between the formal and informal, with the purpose of allowing individuals free movement between sectors, which requires them to possess a degree of independence currently lacking.

Here again, CI makes an appearance as extending "...the personal resources available to the third sector" (Kemball-Cook et al, 1991, 91-3). This would also tie in quite nicely with Hirst's (1994, 179-84) notion of 'associational communities' where individuals also have access to a CI. But the wider objective is to shift the emphasis away from the simplicities of pollution taxes and view taxation as a mechanism for decelerating the depletion of resources.

Such ideas, then, seem to me to offer an alternative justification of CI, but not a distinct model to rank alongside NIT etc. This is one of the reasons why ecological thought has not merited equal attention with our three principal ideologies. Nevertheless, the suggestion being made by ecologists, that Green taxes may hold more moral and economic efficacy in the long-term than direct taxation, is deserving of attention by all concerned: by ecologists, who must then go on to consider whether CI has the potential to help realize a communal ethic of sustainability; and by those interested in the CI debate, a debate into which ecologists have a unique insight.

But to where would such attention lead us? Would a CI be central to a Green society, or merely peripheral? This is a question which we will now go on to consider.

#### 4. Local Currencies and Working-time Reductions

One proposal for a Green society which often attracts as much attention in the Green literature as CI is that for an inter-active network of local currency schemes. Indeed, such schemes may well embody Dobson's request that we look beyond the existing body

politic. What exactly do these schemes involve?

The first local currency scheme was established on Vancouver Island, Canada in 1979. The idea is simple (Weston, 1992; Offe & Heinze, 1992, 86-101; Baillee, 1994). A number of people decide they want to trade together. Each person makes two lists: one of 'wants' and one of 'offers' - with prices attached that simulate normal market prices. These lists are then circulated to everyone and trading begins. In a way, this is just a systematic barter scheme. People's accounts are logged on a central computer and, so far as their Green money goes, they can be either in debt or in credit. Also, shops and businesses can trade in Green money alone or in some combination of Green and 'real' money. The purpose of LETS (local employment and trading system) is to stimulate local economic activity - so reducing dependency on national and, increasingly, international forces - and to recognize the value of those skills and activities which the formal economy and its monetary system often overlook. Many members of those associations, especially when unemployed, record a feeling of self-worth that they had not experienced in a long-time (Dauncey, 1988, 52-4; Ekins, 1986, 196-202).

However, LETS raises some important issues and runs up against some important problems - the most serious of which I will not address here since they do not relate directly to the subject of income distribution (Dauncey, 1988, 54-60; Ekins, 1992, 150; Offe & Heinze, 1992, 92-8). Firstly, in Canada the authorities taxed those Green dollars a person earned in pursuit of their normal profession but not otherwise. The problem is, should Green money be taxed? Would this not 'institutionalize' LETS and so undermine its entire rationale? And on what basis would Green money be taxed? Under the Canadian solution, how do we determine what somebody's normal profession is? Secondly, what if someone defaults on their debt by leaving the area or simply refusing to pay up? This dilemma might be avoided by some system whereby people's accounts are publicized so that potential debtors are spotted and weeded out of the system. Then again, this might lead to mutual monitoring and suspicion, i.e. the worst aspects of communal life. Thirdly, a local currency is not inflation proof, so giving an advantage to those in debt and penalizing those in credit. Therefore, some system of depreciation is required to keep the currency circulating - as was the case in Wurgl, Austria in the

1930s. Finally, should an unemployed person's Green earnings be taken into account when their benefit is calculated? If it should then this would raise the spectre of poverty traps and would seem to defeat the purpose. But if not then would not the incentive to return to employment go, thus putting an intolerable strain on the social security system? (A solution here might either be a CI to offset any poverty traps or an additional Green CI, i.e. Green credits paid unconditionally to those who join a LETS.)

All of these points require careful thought and research but might there be a *prima facie* case for allying CI with LETS? It would seem so, especially since both recognise that the link between employment and income is unravelling so that some way must be found of providing a non-employment source of income. A CI gives greater opportunities to go outside of the formal labour market, while LETS provide a forum of interaction and exchange once the journey outside has been made. Strangely enough, perhaps, this association was made by the Commission on Social Justice (1994, 263). Their preferred strategy, they point out, is to regenerate the employment society by making 'work pay'. If, however, their assumption of the feasibility of this should prove to be wrong then CI "could become increasingly attractive". (1994, 263). Now when, later on, LETS is given a brief assessment they refer back to their earlier observation to say, similarly, that,

...if the U.K. does not manage to tackle entrenched problems of structural unemployment, more detailed consideration will have to be given to LETS. (1994, 339)

Obviously, I regard this as rather too conservative so that a case can be made for pursuing large-scale research with a view to radical reform in the *short-term*.

Now, what this proposed alliance between CI and LETS does is to return us to the issue of unconditionality. There is a considerable body of thought in ecological circles which says that no income provision can afford to be unconditional. This is because if we are all members of the only world we have got and if we face colossal problems of pollution and resource-depletion then unconditionality is a dangerous principle. Equivalent, in fact, to allowing some members of a sinking ship the luxury of doing nothing while the water is rising. So, Andre Gorz expresses such arguments forcefully. An



unconditional income, he insists, would only complement welfare with exploitation,

...while perpetuating the dependence, impotence and subordination of individuals to centralized authority. This subordination will be overcome only if the autonomous production of use-values becomes a real possibility for everyone. (Gorz, 1982, 4)

In its conservative variant a guaranteed income makes poverty and unemployment socially acceptable and reinforces "dualistic social stratification" (Gorz, 1985, 41). What is important, he thinks, is not the size of the 'social wage' but whether it is linked to the right to work. Without that right it becomes "institutional charity":

Each citizen must have the right to a normal standard of living; but every man and woman must also be granted the possibility (the right and the duty) to perform for society the labour-equivalent of what she or he consumes...(Gorz, 1989, 205)

And again:

Whatever the size of the guaranteed minimum, it can do nothing to alter the fact that society expects nothing of me, thus denies me a reality as a social individual in general. It pays me an allowance without asking anything of me, thus without conferring any social rights upon me. (Gorz, 1989, 207)

Gorz is seeking to uncouple income from work time, not work itself. As such, his is an insistence that a guaranteed income take a back seat to the systematic reductions in working-time necessary both to strip away the most damaging features of our modern societies, i.e. industrialization, and realize a form of non-alienated labour. So urgent is this objective that all able-bodied adults must be mobilized in its service with penalties for those who do not co-operate, i.e. withdrawal of the CI. This kind of systematic reduction in working-time was outlined in chapter 5 and is, we should remember, a more radical cousin to the kind of piecemeal reductions which labour movements have long campaigned for.

What criticisms might be made of Gorz's ideas? Firstly, Gorz, it could be said, is retaining the worst elements of Marxist thought: that which regards liberalism as some sort of bourgeois deception.

But the experience with communism should have taught us that radical politics is only justifiable if it proceeds from liberal premises, which Gorz's automatic equation of 'unconditionality' with the 'Right' seems to ignore. Consequently, he is suggesting a statist reform, involving the widespread and compulsory mobilization of labour, with all the confidence of someone who believes that the end justifies the means. We have, however, been down that road before. Secondly, his identification of rights with duties seems incredibly superficial. As argued in chapter 3, upon what basis is the claim made that all rights correlate to all duties precisely? If such a correlation is made then what happens to the claims of distributional justice that the poorest are already the ones with the heaviest duties loaded upon them? To believe that we only possess social rights if society demands something of us is not only to confuse non-voluntary duties with voluntary obligations but is to invoke the worst elements of social authoritarianism associated with conservatives and communists alike. Thirdly, Gorz seems to retain the Marxist concept of labour as a 'process of production' and 'social utility'. Thus ignoring the critique of labour and work provided by feminism - see the next chapter. Finally, Gorz invokes a social contract while ignoring the fact that a normal contract is that which is entered into freely. Gorz's citizens would, in effect, be made an offer that they literally could not refuse. Now obviously we all possess certain duties, or negative responsibilities - not to harm others, for a start - without which society could not function. Gorz's problem is that he would make work, i.e. employment, into such a negative responsibility also. Ultimately, as I have said before, citizenship is too important a value to be conscripted.

Gorz's position is certainly compelling. He believes that active participation on the part of everyone is required to reduce the importance of economic activity in the public sphere. If 'necessary activities' are not shared equitably then freedom cannot be maximized (Gorz, 1994, 96-7). But such arguments are only relevant if they describe some future period when movement toward a freer society has stalled, perhaps because of growing ecological crises. Then and only then might it be justified to link higher levels of CI with reciprocal obligations. But until that time the objectives of CI and work reduction should not be confused. My position, then, is far closer to that of James Robertson (1985, 25) for whom citizenship

is, first and foremost, the freedom to choose individual mixtures of paid and unpaid work (cf. Meyers et al, 1981, 117-8) and to David Purdy (1988) for whom working-time reductions are better thought of as a consequence of people altering their behaviour in order to choose, according to what is best for them, periods of employment and non-employment. In short, a CI precedes working-time reductions, not vice-versa.

So I find it difficult to imagine that a Green society could dispense with CI. At the same time, obviously, it would need to be combined with other reform strategies, e.g. LETS and non-statist working-time reductions. How these would be proportioned exactly is open to question because there seems to be no a priori way of deciding whether a CI would be central or peripheral to such a Green society.

#### 5. A Green Market Socialism?

So far we have given some consideration to an ecological, communal ethic, to an economics of sustainability and to the importance of CI to any Green society, probably in conjunction with other reform proposals like LETS. Within the confines of a discussion as brief as this this is as far as I think any consideration of ecological thought should go and we are now in a position to address the second of our two objectives, namely how to give an ecological critique of market socialism.

Is it the case, then, that a Red society and a Green society would overlap? There are three potential answers to this question. Firstly, it might be contended that the question is misguided since they have nothing whatsoever to do with each other. Such a response might be given either by a socialist who considers ecological issues to be a neo-conservative diversion from real politics, or by an ecologist who may, like Rudolf Bahro (1986), see socialism as an inherently industrialized doctrine and therefore unsalvageable. A second possible response is to insist that the Red and the Green could be considered as different emphases of the same position: a pro-communitarian, anti-economistic perspective. So, this might be to argue that whatever their historical disagreements there simply is no substantive divergence between the two in this our post-communist

era. Thirdly, we could see the Red and the Green as forming a broad alliance. In other words, we do not imagine that they have nothing to say to one another but, equally, we recognise that they do not form a seamless whole.

Now, which of these three responses should we favour? The first of the above responses is undesirable and possibly untenable. Only an appeal to a fundamentalism of some sort could hope to sustain it and, as argued in chapter 2, the democratic Left must eschew any such fundamentalism. Ecologists do have to listen to socialists, and vice-versa. The second response is also spurious. Socialism may well have some non-industrialist credentials, but it also has a long history of fighting capitalism in terms of industrialist premises. This history constitutes a tradition which cannot help but influence current socialist thought, an influence which may point in anti-ecological directions. Nor does ecological thought, in its concern for sustainability, take an obviously egalitarian approach. We will therefore proceed on the assumption that the third of the above responses is the most reasonable, since it allows ecology and socialism to lean towards each other within the context of the democratic Left, while admitting that social democracy, conservatism and even economic liberalism all make legitimate claims on ecological thought. But if this is to be our approach then where does market socialism fit into the picture?

If this question is to be answered satisfactorily, it is first necessary to understand the kind of intuitive scepticism which most ecologists demonstrate towards market-type mechanisms. This scepticism arises out of the contradiction which they perceive between the world (with its limited resources and limited ability to absorb pollution) and the apparent ability of markets to fuel desires and collective outcomes which are environmentally destructive and therefore irrational from an ecological point of view.

This contradiction is typically illustrated through some analogy or other: the tragedy of the commons, for instance. Imagine a field, a commons, where each herdsman will wish to graze as many of his cattle as possible in order that he may sell them at a profit. So long as the numbers of herdsmen and cattle are relatively low, then the commons will retain the capacity to supply them with their needs and, consequently, there is no problem. But what happens when the numbers begin to grow substantially? What happens when all recognize that



resources are growing scarce? Each herdsman still desires to maximize the gains he makes from grazing his cattle, and so will reason pretty much as follows: 'If I increase the size of my herd then each animal which I buy, and subsequently sell, will net me a positive utility of +1; though it is true that each animal I purchase will contribute to the over-grazing of the commons, since the costs of that over-grazing will be borne by all of the herdsmen, then the negative utility I incur will only be a fraction of -1.' The rational herdsman, therefore, will conclude that he should go ahead and increase his herd. The trouble is, that such reasoning will also be shared by every other herdsman. As such, the total number of cattle will quickly outstrip the capacity of the commons to accommodate them. Far from the negative utility being equivalent to a fraction of -1, it will soon exceed the positive utility of +1. Far from market mechanisms averting disaster (which, as we saw in chapter 5, is argued by Michael Beenstock), they hasten us towards the inevitable catastrophe of pursuing individualistic self-interest in a world of limited resources. This scenario has obvious implications for market capitalism, especially given the growing perception that the analogy describes real-world conditions, but it also has implications for a market socialism.

This can be seen if we examine Robyn Eckersley's (1992) comments on market socialism. Eckersley is pretty much hostile. While commenting favourably on a social capitalism which would allow for the non-state redistribution of capital assets, she adds:

The major difference between social capitalism and market socialism, as I understand it, is that the latter is concerned to ensure that the state should have effective control of investment decisions...whereas the former is concerned to ensure that the local community should have effective control...(1992, 226)

The trouble is that Eckersley's understanding is incomplete, and this is largely due to a reductive conception of market socialism similar to that, as we saw in the previous chapter, which is employed by Paul Hirst (1994). How does Eckersley (1992, 226) define market socialism? Firstly, as involving the state control of the banking system; secondly, as implying the abolition of the stock market; thirdly, the nationalization of key industries; fourthly, as requiring an out-and-out workers' democracy. But, as the last

chapter tried to show, market socialism need not imply an all-or-nothing, once-and-for-all re-structuring of economic and social systems. Instead, it can be thought of as more of a piecemeal, gradualist, modest strategy, one not necessarily hostile to social democratic reformism. Part of the point of such a reformist market socialism would be to subvert the state/market and public/private distinctions implied in the first and third elements of Eckersley's definition. State control would be less considerable than she seems to appreciate and though, undoubtedly, key industries would need to be nationalized, surely this affords greater opportunities for pro-Green regulation than is the case with private monopolies whose bottom-line is self-interested profit-making! With a reformist market socialism, similarly, capital markets remain so that the stock market is re-organized and not abolished. Finally, though an all-or-nothing workers' democracy, even assuming that this is feasible, has little in itself to contribute to an ecological perspective, reformist market socialism proposes no such thing. Rather, it proposes improving socio-economic opportunities to allow for greater worker participation and control if this is what workers desire. Such a participation and control might, then, be entirely consistent with the necessity of us all taking a greater interest in the state of our environment both as producers and consumers. In short, a participative economy is not inherently a Green one, but may have more Green credentials than the current state of affairs where employment is so often stressful and alienating, domestic labour is devalued and consumption is still largely passive.

In other words, social capitalism and market socialism may not be the irreconcilable opponents which Eckersley makes them out to be. This may be the case, especially, if the former would also require a "...social dividend' that would provide a guaranteed minimum income for all" (Eckersley, 1992, 143). But if a reformist market socialism is not something which ecologists should dismiss out of hand, is there any reason to believe that there could be a more fundamental union between the two? What I now want to do is to suggest not only that CI could be regarded as a mechanism of income distribution which is common to both a Red and Green society, but that through a mutual recognition of this fact both socialists and ecologists could find a common cause under the rubric of the democratic Left.

Why this is so is not too difficult to see. If CI has some role to play in any Green society - to whatever extent - and if a PCI is a prototype of the social dividend which I have argued is essential to a market socialist system, then we have a *prima facie* reason for speculating about the compatibility of an ecological economics with market socialism. Ecologists, like Eckersley, are suspicious of the latter for two basic reasons: its potential for over-centralization and for pro-industrialization. However, as the last chapter showed, only the original Lange model gives us reason to be suspicious of over-centralization. More recent models have not afforded such a great role to the state since they have acknowledged that private ownership must be retained, albeit combined with a plurality of other forms of ownership. Such models are more compatible with, though still more radical than, social democracy, and go some way towards meeting Eckersley's objective of decentralizing investment decisions. The second cause for ecologists' suspicion is trickier. It does seem to be the case that market socialist models have taken a pro-growth, pro-industrialized ethos for granted - allowing for standard assurances that the 'environment must be protected'. So far as I can see, hardly any work has been done in this area and if, indeed, such an ethos is indispensable to a market socialist way of doing things then the ecological criticism stands justified: market socialism would be as destructive of the very environment upon which it depends as other, current economic systems.

Now, though we can only engage here with the briefest of speculations, is it unreasonable to conjecture that CI effects some kind of reconciliation between the two types of society? After all, if CI is common to both societies then why could it not serve both of their objectives simultaneously? The objective of market socialism is to connect ordinary people to the means of production; the objective of ecologism is to facilitate a sustainable economy by making production less essential to economic welfare. As I noted in the previous chapter, a PCI/social dividend could provide us with greater opportunities both for informal activity and for increased participation within the formal economy. If so, then a PCI/social dividend also bears pro-ecological credentials. On the one hand, it challenges the productivism of the employment ethic; on the other, it decentralizes productive resources, and so decentralizes economic decision-making, as well as establishing the state banks which could



be used to promote ecological as well as egalitarian aims.

So, by having a role to play in terms of each ideological objective, perhaps CI makes market socialism and ecological economics less tangential than many assume them to be. If the former were to survive then it would need to take on board the ecological critique, rather than playing the same old game of 'our growth is faster than yours'. As I have said, this could be done by lending greater capital, on more favourable terms, to those co-operatives which pursue ecological as well as egalitarian strategies and objectives, and penalizing those firms, of whatever nature, which do not. Equally, few ecologists imagine that 'saving the planet' can simply be left to the state, or the market. If so, then widespread decentralization must occur, and it would seem incoherent not to extend such decentralization to the economic realm; as such, the kind of participatory economy implied by market socialism offers some kind of model of what this could involve. I see no substantial reason, then, why a CI could not perform these two functions. By connecting us with productive resources, it facilitates greater opportunities both within and without the formal economy, opportunities to be taken advantage of as individuals see fit. A CI puts the emphasis upon control rather than alienation, fulfilment rather than 'growth for growth's sake' and upon time rather than money.

Of course, it might be pointed out that if the emphasis is no longer pro-growth and pro-industrialization, then we are no longer talking of a market socialism as such. Firstly, because of the 'tragedy of the commons'. Secondly, because if ecological economics must make room for such decentralization then it is not clear why this retains any reference to something distinctively socialist. This is a reasonable point to make and, as I hope I have made clear, any democratic Left future would need to combine socialistic, ecological and feminist elements. For the purposes of a research thesis concerned with CI, however, the prevalence of social dividend proposals within the market socialist tradition makes this the most reasonable starting-point.

So, it would seem that CI affords us some scope for reconciling market socialist and ecological objectives and strategies under the heading of what I have called the democratic Left. As a more specific example of this let us return to our discussion of LETS.

If CI and LETS are in some way compatible, as I suggested earlier,



what of LETS and market socialism? I can think of no major reason why a social environment equally hospitable to both could not be constructed. If, after all, the purpose of a sustainable future, one which embodies social justice, is to increase the opportunities for individuals to join and contribute to the communities of their choice, then we need as many communal spaces as we can get. For those who choose to remain within the formal labour market then they would be able to work within private or co-operative type firms, as they wish, with all of the benefits that implies. For those who wished to exist outside of the formal labour market then LETS associations could provide an equally rewarding forum for creative and co-operative activity. And, of course, there would be those who, for whatever reason, remained independent of both - though it is difficult to imagine many doing this permanently. So LETS could be to the informal economy what co-operatives might be to the formal. If a CI is that which provides individuals with more opportunities to move between economic sectors because it does not attach conditions to any one form of activity then it could be that which facilitates free movement between formal co-operatives and informal LETS without confining people to either exclusively. So not only is it the fact that CI makes an appearance in both a Red and a Green society that could act as a focus for a radical politics, it is the unconditionality of CI, permitting people to choose where and how they want to work, that seems to encourage a multiplicity of participatory institutions, without allowing any one to dominate the others.

Obviously, this subject raises so many questions. For instance, would members of co-operatives would possess more economic power than LETS members since they would be 'closer' to the centres of economic decision-making, i.e. public investment banks? Would this not contradict the goal of economic decentralization? If so, the answer might be to make such banks and other such institutions more accountable to LETS schemes. Then again, would this not be to drag LETS into the formal economy where they do not want to be? And would it be feasible, given the ephemerality of many LETS? Also, have we really dispensed with the objections to paying an unconditional CI equally to all? Would this not reward those who opt-out over those who earn and/or exchange? Or could we contemplate an unconditional CI paid to all which is barely enough to live on, with the possibility of adding to this basic income with earnings, social dividend, Green

currency or, what is more likely, some combination of the three? These are questions I cannot address here but, again, as problematic as this subject is I can think of no conclusive reason to regard LETS and market socialism as incompatible.

Undoubtedly, then, both Green economics and market socialism exist in a certain tension with regard to each other. But that tension is more likely to be creative than destructive so long as we do not insist on privileging the one above the other. Given that CI has a established history within both, this might be the means whereby mutual dialogue is encouraged, especially if other reform proposals like LETS are recognized as indispensable. All-or-nothing evaluations, such as that given in Martin Ryle's dismissal of CI, are of little use to anyone (1988, 54-8). If so, then we may be better off referring ourselves back to the position adopted by Raymond Williams over a decade ago. Williams (1983, 256) defined three desirable objectives: going beyond the market economy; shifting production toward standards of "...durability, quality and economy in the use of non-renewable resources"; the formation of new monetary institutions where capital is a servant not a master. Achieving these objectives he saw as essential to any society embodying socialist, ecological and feminist values (1983, 266).

## 6. Conclusion

So, we have seen why CI may be thought of as vital to a Green society and to the economic strategy through which that society could be brought about. At the same time, I have tried to highlight the convergence between many aspects of market socialist and ecological thought. These themes may be regarded as entirely separate and I have been careful in this chapter not to upset those who would regard ecological thought as a post-Left-Right ideology, nor those who would wish to establish connections between ecological thought and other ideologies. It is this same balancing act which will now have to be performed again as we go on to consider feminism.

## FEMINIST THOUGHT AND CI

1. Introduction

The point which was made at the beginning of the previous chapter is also relevant here and so deserves to be re-emphasized. There are two ways in which this chapter can be read. On the one hand, its objective is to examine the rationale behind feminist justifications for CI. On the other, it takes its place along with the previous two chapters in attempting to construct for the democratic Left a practical politics which goes beyond the theoretical abstractions which dominated the discussion in chapter 2. So, in the last chapter, we saw that market socialism must be, and I believe can be, made reconcilable with Green objectives. A CI may well be the means through which this is brought about. Similarly, in this chapter, we will see the challenge which feminist critiques bring to market socialism in order to assess what contribution they make to a democratic Left perspective and so understand how the CI debate shifts accordingly. As before, then, this chapter can hopefully be read either purely in terms of its first objective or in terms of both.

In the second section, we speculate as to how feminism should best interpret prevailing social and economic structures. In the third section, we review the 'feminization of poverty' thesis and one of the principal causes of such poverty. In the fourth section, we examine the feminist critiques of the state, the family and the labour market. In the fifth section we look at possible feminist arguments for CI. In the sixth we ask why feminism might be hostile to market socialist proposals and speculate as to whether CI could go some way to reconciling the two.

## 2. A Capitalist Patriarchy?

The purpose of feminism is to understand, expose and hopefully abolish patriarchy, i.e. the gender bias which tends to prevail in most areas of human affairs. Politically, feminism must examine how and why social and economic structures serve a male-centred ethos; what this implies, among many other things, is an analysis of capitalism and the extent to which capitalist institutions and practices either help re-inforce or help eliminate pro-masculine interests and perspectives. Immediately, however, we run up against a fundamental problem given that any analysis of capitalism will alter in its implications depending upon which version of feminism we favour. A liberal feminism will 'read' capitalism differently from a socialist feminism; further, any political feminism will be denounced by those who insist that social analysis misunderstands the real nature of male/female relations. If we assume, as we must for the purposes of this research, that social analysis is of relevance then how should we proceed?

The literature is vast; however, some conceptual clarification has been provided in recent years (Beechey, 1979, 77-80). Sylvia Walby (1986, 5) identifies five possible positions:

- 1) gender inequality is theoretically insignificant or non-existent;
- 2) gender inequality is purely due to capitalism;
- 3) gender inequality is purely due to patriarchy;
- 4) gender inequality is due to a synthesis of capitalism and patriarchy;
- 5) gender inequality is due to a complex interaction of capitalism and patriarchy.

Walby rejects 1) as simply untenable, as held either by those Marxists who cannot look beyond class inequality or by those conservatives who cannot look beyond the family as a conceptual unit (1986, 7-16). Also to be rejected is 2) which is held by those who would wish to interpret domestic work simply as the reproduction of labour power (Secombe, 1974; Dalla Costa & James, 1972). Walby insists that this interpretation ignores the quite separate oppression practised by men, as opposed to capitalists (1986, 16-20). Equally reductive is 3) which is held by those who, like Shalmoth Firestone, see women's reproductive capacity as providing



the base upon which a superstructure of exploitation is built. But Walby condemns this analysis as biologically reductionist and blind to the centrality of the state and of the labour market (1986, 22-30). Walby sees 4) as being along the right lines (Eisenstein, 1979, 22-35). The trouble with it, though, is that it potentially underestimates the conflict between capitalism and patriarchy. Finally, therefore, 5) describes the position Walby believes to be the most reasonable (1986, 31-3).

This position is not, however, problem-free. The dilemma is this: either we should attribute capitalism and patriarchy to separate social spheres - which would fail to deal with that aspect of women's oppression which falls outside of the sphere of production - or we should interpret both as being rooted in production - which simply collapses us back to 4). As a solution, Walby (1986, 46) insists that we abandon the search for an institutional basis upon which capitalism and patriarchy might be said to operate. Instead, we should view the entire *mode of exploitation* as important, as something which reaches beyond institutional relations. Harriet Bradley (1989, 55) subsequently complained that Walby's 'solution' might be to make patriarchy an omni-present force which would have the effect of reducing analysis to description and of reducing critique to mere protest.

Now, it is beyond my scope to engage with such arguments. Looking briefly at the broad picture alone, how might capitalism and patriarchy be said to inter-relate?

	CAPITALISM	PATRIARCHY
EXPLOITER	capitalist	man
EXPLOITED	labourer	woman

fig 1.

So, in fig 1, the labourer and the woman are not confused as would be the case with 2) above. Both are certainly being exploited, however, the means of exploitation is different in both cases and there is the real possibility of working-class men being as exploitative and oppressive as their employers. Fighting exploitation, then, would require recognition that labourers' interests and women's interests

may overlap but are by no means identical. This is what Walby meant by 'complex interaction' and, though there is not the space here to pause and elaborate upon it, it is the interpretative framework which informs the rest of this chapter. In short, I will assume that a feminist politics directs its fire against both patriarchy and capitalism, neither separating them entirely nor reducing the one to the other.

### 3. The Feminization of Poverty

As feminist issues entered the academy as serious objects for research, the 'gender-blindness' of existing research and debate quickly stood condemned. This was as true of work in social policy as elsewhere. The 'feminization of poverty' thesis was developed and elaborated upon precisely to counter the selective vision of male researchers in the area of poverty.

The thesis wishes to establish not that poverty is a new experience for women, but that the long-established poverty of women is becoming more visible (Millar, 1989, 311-3). Why is this? Glendinning and Millar (1991, 25 & 29-33) link the increased visibility of female poverty to a growing dissatisfaction with taking the household as the unit through which living standards are measured. So increasing still further the visibility of women's poverty requires 'individualizing' the unit of measurement. This means, above all, researching into the circulation, control and management of income within households - we will return to this below. Further, it implies taking account of non-material resources; namely, the fact that women have less free time than men once housework is taken into consideration. In short, women are more vulnerable to poverty because they are regarded - and often regard themselves - as secondary workers. This means that their domestic role comes first where the demands of a job must fit around the demands of housework, caring and so on. Also, women's earnings are viewed as a supplement to men's, even when the two are largely equivalent (Pahl, 1989). So the thesis which proposes that poverty is being feminized is inseparable from the debate regarding the sexual division of labour. Domestic labour and paid employment influence each other and so both must be analysed if women's poverty

is to be understood. And ultimately, of course, combatting such poverty requires that it be assaulted by progressive policies in the areas of employment, social security and all of the social services (Glendinning & Millar, 1992, 174-5). This reciprocal influence is looked at in the next section. For now, how have issues such as these directly influenced social policy research?

Most obviously, perhaps, has been a rise in attention given to the nature of household income. So, Jan Pahl (1989, 67-74) outlines four 'systems' through which money is managed in the home:

- 1) the whole wage system, where one partner (usually the wife) is responsible for all finances and expenditure apart from her spouse's spending money;
- 2) the allowance system, where there are separate spheres of financial responsibility though usually no separate control over income - so the wife receives housekeeping money;
- 3) the shared management system, where all income is pooled and a joint account, from which expenditure is drawn, is kept;
- 4) the independent management system, where both partners have an income and neither has full access to household funds - so there is separate control over income and separate responsibilities for expenditure.

Pahl estimates that 1) prevails in a sixth of all households, 2) in a quarter, 3) in half and 4) in a twelfth.

This means that in a substantial number of households women are required to *manage* income, with all of the stress that that can cause when resources are tight, but tend not to have *control* of that income. Control remains firmly in the hands of men. Pahl (1989, 151-2) discovered that in a significant number of cases women spend a higher percentage of the income they manage than men on day-to-day living expenses. Further, any additional money earned by wives is more likely to be spent on food while husbands tend to spend more on leisure. The importance of something like child benefit, therefore, cannot be overestimated. Often it represents the only degree of control many women have over household income. So, its importance is out of proportion to its modest sum:

If child benefit were to be means-tested, and the household were chosen as the unit...these women would be deprived of a small but very significant part of their income. (Pahl, 1989, 160)

Earlier, Pahl had observed that by shifting the tax burden from earnings (direct taxation) to spending (indirect taxation), as has been the case since 1979, policy-makers have assumed that household income circulates freely and so have, in effect, discriminated against women - at the same time, however, some have disputed the weight which Pahl attributes to male earnings (Wilson, 1987, 32-7). This obviously has implications for economic and social policies which we will deal with later on.

#### 4. Gender Divisions and Inequalities

We are left, then, firstly with a feminist critique directed against both capitalism and patriarchy and, secondly, the application of that critique to the poverty experienced, on an increasing scale, by women. We now need to delve more deeply into the determinants of such economic relations by looking at, in turn, the family, the labour market and the state.

One point should be borne in mind, however. It should be appreciated that each of these institutions or spheres interacts quite considerably with the others. The inequality many women are subjected to in the labour market is due to the gendered roles they are often required to conform to in the home. Reciprocally, therefore, such roles reproduce market inequalities. And 'towering above' both comes the state which incorporates gendered assumptions, and so forth, into its taxation and social security systems. Even so, distinctions do have to be made and we begin with the family.

##### a) The family

What of the family, then? There are three basic aspects to reproduction: social, labour force and biological. Social reproduction refers to the transmission and control of resources without which class distinctions could not be maintained. Labour force reproduction refers to childcare and domestic labour. Now, the only form of reproduction which is specific to women is biological reproduction. And yet women are also assigned the task, virtually exclusively, of labour power reproduction (Beneria, 1979, 205-6). Why should this be so?



No final answer can be provided to this question since the subject is too large and complex but, broadly speaking, we may identify external factors and internal ones. The external factors are socio-economic. Given that there are pre-existing inequalities in terms of opportunities, pay, conditions and career prospects it is perfectly understandable that many women fall back on the caring roles that have been theirs traditionally. So, psychologically, many women come to identify their biological sex with the socially-constructed gendered roles which they find surrounding them. This implies that various internal factors are also at work. Feminists, as such, argue that 'women's liberation' is not only a liberation from the expectations and demands of men, but is also a liberation from the impulse, which many women demonstrate, to treat men's needs and demands as being of primary importance. A 'woman's role' is both a functional requirement for the reproduction of society and a rational response on the part of women to unfavourable social conditions. For even where women's participation in society is at its strongest, gendered roles may continue to prevail, e.g. women dominate certain professions like nursing. So any explanation of women's inferior status requires reference to both external and internal factors.

This is what feminist Marxists so often failed to do. For to treat domestic labour simply as a function of capital is to avoid the question as to why housework is performed by housewives (Molyneux, 1979, 20-1). The 'domestic labour debate' which ensued within feminist Marxist theory was completely out of tune with those women who knew that their unpaid work benefited both husband and capitalist (Scott, 1984, 142-3); though whether such considerations also scuppered the 'wages for housework' campaign is more open to question. On the one hand, such wages could legitimate women's confinement within the home. On the other, the campaign could be said to have succeeded in getting housework more highly valued than it had been previously, even if "...such a demand could scarcely operate in practice as a mobilizing goal" (Dalla Costa & James, 1972, 36).

#### b) The labour market

Michael Mann (1986, 56) has characterized the labour market as a market within which "...stratification is now gendered and gender is

stratified" (Crompton & Mann, 1986, 56). But, if so, what could have brought this about? We might identify two principal causes: the actions of employers, the actions of organized labour. Firstly, however, what do we mean by 'stratification'?

The point of departure for so many theorists has been the 'dual labour market model'. This distinction between a primary sector of well-paid, highly-skilled, upwardly-mobile workers and a secondary sector of low-paid, low-skilled and easily disposable workers has been taken over, and adapted, by those who wish to understand why it is usually men who have access to the former whereas women are confined to the latter. What all feminist theorists are agreed upon is the necessity of not regarding this state-of-affairs as 'natural'. To interpret differences in earnings, occupations and prospects as reflecting 'real differences' is to ignore the functional elements of the sexual division of labour.

Adopting a wider approach might lead us to identify both internal and external dual labour market models. The former see stratification as having been caused by fluctuations in demand. With technological and global changes employers have a motive to offer incentives to core workers to ensure stability and product quality, as well as developing a periphery of workers who are easy to hire and fire. On this reading a dual labour market is the unintended outcome of a multitude of firms acting in this way. But this model could be condemned as being gender-blind as well as leaving too much else unexplained. External models, by contrast, look not to job-specific skills nor to high turnover, but to employers' strategies of 'divide and conquer'. This means that privileges are targeted deliberately on working-class men in order to make them less likely to identify their interests with the interests of working-class women. But this model, too, harkens back to purely functionalist accounts of gender hierarchies.

How, then, have feminist theorists adapted such ideas? Firstly, as should be obvious, by introducing the domestic sphere into the analysis. This means identifying those gender-specific ways in which the labour force is organized. So part-time jobs, which largely belong to the 'periphery', are seen as ideal for a wife and mother who wants two things: a bit of extra money and to get out of the house. In short, something compatible with a "maternal/wifey role" (Beechey & Perkins, 1987, 112-8). So women's paid employment is

constructed according to the perception that paid work and domestic responsibilities are in conflict (Redclift & Sinclair, 1991, 5-6). Women's earnings are regarded as marginal to women's domestic work (Redclift & Sinclair, 1991, 148). This tends to mean that women have less access to training in new skills than men. So, far from a skill being an 'objective possession' (as many economists, especially, assume), it is, rather, an ideological category imposed on different types of work. For instance, women's lack of access to skills-training has also been due to male workers defending differentials and union strength by blocking entry into a predominantly masculine sphere. The irony is that as, more recently, the labour market has stratified, it has become clear that male workers have only created for capital the 'inferior' workers capable of undercutting them in terms of pay and conditions (Charles, 1986).

So as well as looking at the role of employers, feminists have also explained the dualisms of the labour market in terms of the actions of trade unions. All too often trade unions have appealed to feminist rhetoric but not to the policies which would back it up. For by ignoring the differing material conditions of men and women a familial ideology is reinforced rather than an egalitarian one advanced. So, unions for too long regarded 'women's issues' such as childcare, maternity leave and menstruation as private affairs, unlike the public affairs of pay and conditions (Ungerson, 1985, 18-20). Things may have changed in the 1980s with unions recognizing, in the face of the conservative onslaught, that they would be cutting their own throats if women's interests continued to be ignored (Land, 1980, 75). But whether the return of a Left government, as well as the implementation of the European Social Charter, would genuinely improve the position of women cannot be determined at present (Boston, 1987, 8; Cockburn, 1987).

### c) The state

The state is thought to both reflect and reinforce gender divisions in two principal ways: through the taxation system and through the social security system. We will look at each of these in turn.

It was only in 1988 that the taxation system in Britain ceased to treat husband and wife as a single unit. This meant that each partner

would have their own tax allowance which could not be transferred to the other - proposals for introducing transferable allowances had been criticized on several grounds, e.g. that there would be a disincentive for women to take up work since this would increase the tax liability of her husband. So, independent assessment has given many women privacy in their financial affairs for the first time. Nevertheless, the system still discriminates against women. The Married Couples' Allowance (MCA) provides an allowance to be set against the husband's earnings, but transferred to the wife if he does not have enough earnings to be liable for tax. So this too defines the man as the head of the household and the main source of income and assumes that income is shared equitably. Pahl (1989, 166-7) sees the MCA as benefiting "...richer and employed men as opposed to poorer men, unemployed men and all women." For although the system increasingly recognizes the costs of the work for which women are responsible, it reimburses those costs either to husbands or to women as mothers. The objective of independent taxation, she insists, should be to increase the living standards of women and children. This is not necessarily done by increasing the amount of money paid to husbands. Therefore, it,

...should be linked to a substantial increase in child benefit or to some other compensation to those who are not earning, or who cannot earn because of their responsibility to dependents. (1989, 166-7)

Similarly, the social security system discriminates against women. We touched on this earlier in the chapter on social insurance. Basically, the arguments against the current system are as follows. Firstly, by basing entitlement on contribution records, women are not guaranteed income security which is especially the case with female pensioners only 15% of whom are entitled to the full category A pension. Secondly, the system continues to treat the household as the unit of assessment which invariably means according women a secondary, subordinate role. Also, the cohabitation rule falls most heavily on single mothers. Thirdly, the current system does not recognize the value of unpaid work, though a reformed system along the lines suggested by the Borrie Commission could go some way to rectifying this. Finally, it provides an incentive to women to take up low-paid jobs only, i.e. those paying below the lower earnings



limit of National Insurance Contributions.

So, both the taxation and social security systems reflect the inferior position of women both within the household and within the labour market; and since policies are constructed upon this basis these positions are largely reinforced. This state-of-affairs is obviously unfair. Furthermore, given rapid changes in the nature of family life - increasing divorce rates - and of the labour market, this reinforcement is dangerous since growing economic disadvantages threaten health, well-being and even lives. However, working out what should be done to improve the status and well-being of women is controversial and complex. Would relatively modest reform of welfare provision be enough? Or should something more radical be contemplated? Ideally, of course, both strategies should be pursued but given that one of the objectives of this chapter is to see how feminism might contribute to a democratic Left perspective we will now go on to focus on the latter strategy. Yet is a Left radicalism benign from a feminist point of view? Does market socialism really have anything to offer women? Before being able to respond to this question we need to appreciate some of the feminist arguments for CI.

##### 5. Feminist Justifications for CI

In discussing social insurance in chapter 7 one of my criticisms of that principle was that it is not, at present, responsive to the distinctive needs and interests of women. In order to acquire feminist credentials, therefore, social insurance should be based less upon contributions and more upon a citizenship ethic which is far less prescriptive when it comes to defining what is and is not to be regarded as socially-valuable activity. For Ruth Lister (1990, 448-58), there can be no full citizenship where there is dependency and an undervaluing of caring. She argues that this rules out the Conservative government as the promoters of a citizenship ethic since their concern is with public and not private dependency. Their notion assumes that all have surplus time for the performance of civic obligations and overlooks both the lack of resources available to women and the fact that many of the essential civic responsibilities are already performed by women.

Yet there remains real disagreement as to how this citizenship ethic may be best embodied. Is social insurance, including Participation Income, up to the job or do we need a CI? So, when Lister (1990, 461) calls for women to be independently entitled to benefit regardless of their marital status she sees an insurance system which is less dependent upon earnings-contributions as being the way of raising the status of caring as opposed to earning. This seems fine but, as I argued in chapter 7, the more you reduce in scale and number the criteria by which people are entitled to benefit, the less reason there seems to be to retain any such criteria. Otherwise, your citizenship ethic retains republican, perfectionist elements. Still, Lister's approach would seem preferable to those that might actually force married women into the labour market as a necessary price to pay for female emancipation (McIntosh, 1981, 36-9; Cuvillier, 1979).

A CI, meanwhile, would either scrap the social insurance principle, or retain it in name only (Millar, 1989, 80; Pahl, 1986). From a feminist perspective it seems to have four main benefits. Firstly, it would equalize, without anomaly, the treatment of men and women in the tax and benefit systems. This is a desirable innovation simply in terms of equity and equality. The kind of economic discrimination which women continue to face both from a male-centred tax system and from a social security system which rewards the kind of wage-earning which few women have the opportunity to pursue would disappear. It would also end the nonsense whereby many wives working part-time have to give up their jobs if their husband becomes unemployed. Secondly, CI would give many women their own independent income for the first time ever. This would be the case with both working and non-working housewives. The wages of the former are usually regarded as 'pin-money' to supplement the husband's earnings rather than as a means of ensuring autonomy for the woman. The latter may be in receipt of child benefit but this, again, only recognizes the woman in her domestic role as a housewife rather than as a citizen. So this aspect of CI would help improve women's management and control of income as well as improving the circulation of money within the household - given that the 'breadwinner' would no longer be the sole source of income. Thirdly, CI would recognize and remunerate unpaid work. A re-formulated social insurance system would have the same effect but, as I have now

argued several times, it is unclear how such a system would assess and monitor non-employment forms of work. Would the signing of a social contract, as with Participation Income, be a formality? If so, then of what use is it? If not, then surely this new social insurance system would merely resemble the old! CI, in its unconditionality, would not have the same problems. Finally, CI would improve work incentives (Parker, 1993, 61-8). The entitlements of a wife to wages and benefits would no longer be dependent upon the state of her husband's earnings and/or benefits. Also, the lower-earnings limit on insurance contributions would go. This encourages women to take the kind of jobs which involve low-pay and poor conditions. As noted several times, if people have the freedom to remain outside the labour market then they have more opportunity to enter the market in terms of their needs and interests. Since it is women who tend to populate the labour market's periphery they could be expected to gain substantially.

Of course, a CI also has its limitations from a feminist point of view. It would require additional, supplementary benefits - which might or might not return us to contribution records. It would not do anything in itself to improve gender relations between men and women, nor those formal relations between female employees and employers. Further, some would charge that by taking the emphasis away from the generation of full-time jobs it could easily institutionalize peripheral employment. And it is possible that by taxing the large bulk of earnings CI might actually provide disincentives to married women who currently earn - for whereas at the moment, in 1995, women can earn £58 per week before paying insurance contributions, with a CI they would begin to pay taxes far earlier. Then again, there is a counter-argument which says that even if this is true there are only so many things social security reform can be expected to achieve. Until a wider, more long-term, change of attitudes comes about - and perhaps even then - people discriminated against will manage to construct inequality out of *anything!*

So, as before, I would argue that the case for a CI is compelling until we begin to look at the obstacles ranged in its path; namely, that reform of the existing system is always the easiest option. An incoming Labour government is likely to adopt the kind of social insurance reform recommended by the Social Justice Commission. But as the Commission itself points out if such measures do not work then

an out-and-out citizenship ethic may be the only way forward. If so, it is upon the pragmatics of future reform that the greater liberty of women might depend. Unfortunately, this is a somewhat sombre note on which to close this section.

## 6. Market Socialism and Feminism

Whatever the pros and cons of CI, what of market socialism? At first glance the signs do not look encouraging and feminists have complained that such a democratic redistribution of ownership has less to say to them than it should (Folbre, 1994). One of the main problems with market socialism is that it only looks to the formal labour market. It proposes the internal re-organization of firms by collapsing, or at least reducing, the management/workforce hierarchy. Also, it proposes their external re-organization through the creation of an economic environment which would be both competitive and co-operative. But it does not seem to look beyond this sphere and the suspicion of feminists that a market socialist economy would leave the sexual division of labour alone might be entirely justified. They might, therefore, agree with Paul Hirst that market socialism is too narrow in its range and too ready to take existing forms of civil and democratic organization as given. In order to expand on this let us return to our three critiques of the family, labour market and state.

Market socialism might leave the sexual division of labour intact and could even reinforce it for two reasons. Firstly, because if worker participation is to be realized then the wage contract would almost certainly need to be replaced with a share contract (Weitzman, 1984, 4-6) - though, as Peter Abell (1989, 96-8) has it, this would not in itself create a "community of interests". Yet if this were to be the only source of household income then this would merely be to resurrect, *de facto*, the 'family wage' long despised by feminists since this assumes that a household is to be solely dependent upon a breadwinner, usually male (Barrett & McIntosh, 1980, 59-68) - we will return to this below. Resisting the family wage ideal requires multiple sources of household income, whether based upon wages, shares or transfers. Secondly, therefore, worker participation alone would preserve the unequal distribution of income within the



household (Pahl, 1989). This objections could only be rendered invalid if women had an access to the market socialist labour market equal to that possessed by men. In this way wages would be earned, or shares possessed, on an individual basis. But this would be to define all individuals as workers, which is hardly consistent with feminist critiques of the masculinist bias within social thought. And even if all were to be assigned the status of participatory workers, would a progressive role be thereby assigned to the informal economy? For unless men are simultaneously encouraged to enter the household as women are being encouraged to leave it, then unpaid work will still be the assumed duty of women. In short, under a market socialist regime *economic man* and his employment ethic remain, except now in a socialist setting, and the composition of the patriarchal household continues intact. And the state, too, remains as a narrow economic institution. Would our public investment banks be allowed to lend capital to non-profit-making enterprises? If so, then would this be feasible? If not, would this be compatible with, for instance, a carers' association; or, indeed, with any form of post-economic ethos such as those possessed by travellers or social movements?

So market socialism seems to raise the same problems in the areas of the family, labour market and the state as our current economy. On the other hand, perhaps these problems really only arise if, again, market socialism is proposed as an homogenous, all-or-nothing restructuring of social and economic relations. But what if, as argued in the previous two chapters, market socialism is more modest, more plural and 'associative' than its critics, and sometimes its supporters, assume? Could a CI, therefore, reconcile market socialism with feminism, to some extent, in a fashion similar to the way it seems to establish connections between market socialist and ecological economics?

As noted in the previous section, a CI would be paid on an individual basis and so would provide many women with an substantial and independent income for the first time ever, thus helping to place the sharing and control of household income on a more equitable base (Pahl, 1986). If, therefore, a PCI were to evolve into a social dividend then the effect would be the same: with each individual receiving an unconditional income then earnings, whether based upon a wage or a share, and whether paid to only one partner or to both, would come to be far less determinative of household status

than at present. In other words we would have the multiple sources of income which are the antithesis of the family wage which favours the male breadwinner.

Secondly, a CI could put an end to the obsession with deregulation possessed by the Right. So, instead of a downward spiral of wages etc. we would find, as Georg Vobruba (1991, 68) has it, occupations and income levels being based far more upon individual choice and so leading to the kind of structural change which is conducive to an 'upward spiral'. Gradually, power could be shifted away from employers and back to employees since the former would be less able to compel the latter into the labour market on unfavourable terms. This is not only a socialist argument for CI but, as mentioned earlier, is a feminist one since women tend to occupy the periphery of the labour market and so suffer disproportionately from any downward spiral. A measure which improved the power of labour, therefore, would also improve the negotiating position of women (Gray, 1988). Certain part-time, temporary, low-paid jobs would vanish and those that were left would be more consistent with individual freedom since individuals would be less compelled to take them. And if there were to be a change in attitudes and behaviour then a full-blown social dividend could transform both the household and workplace from the enclosed spaces they currently are into sites where a re-alignment of gender roles and status could occur - though, as I have already observed, there can never be a guarantee that such re-alignment will occur. This would be unlikely to happen with the 'wages for housework' strategy which seems to confirm the status of women as housewife.

Finally, a social dividend could either allow people to 'drop-out' of the formal economy and pursue the kind of alternative lifestyles necessary to a plural and tolerant society, or it could facilitate the kind of activity within which public investment banks would only have a minor role to play, e.g. LETS. By expanding the sphere of civil society and the informal economy civil associations could become more of an option for both men and women, who would then be able to participate in circumstances where gender imbalances could be gradually unravelled.

In short, a PCI would help shift the balance of power to women not, as Parker (1993) points out, because it is pro-female but because the current system is pro-male. A social dividend, in an

environmentally-benign market socialist context, might come to seem an attractive option, therefore. So, CI could be indispensable to a feminist economics (cf. McIntosh, 1981, 36) and, indeed, some have drawn out the anti-patriarchal implications of CI (McKay & VanEvery, 1995). What is more, this economics might begin to display certain affinities with market socialism if I am correct in saying that a version of CI is common to both. As I have argued, CI/social dividend makes market socialism less of an all-or-nothing proposal, helps improve its ecological credentials and establishes it as one of several plural, interactive spheres. So, market socialism might define a formal economy of private, public and co-operative ownership which, at some point, dissolves into the democratic but informal activity of multiple, fluctuating associations of which LETS would constitute an important aspect. Workplace democracy then becomes not the blueprint for a new society, a model which we must all emulate, but, rather, the most productivist aspect of a post-productivist era.

So just as a CI seems capable of providing market socialism with the Green texture without which it struggles for credibility, it might likewise dilute and even dispel the masculine bias which comes from emphasizing the formal economy of wage-based, or share-based, employment. In both cases a CI not only accentuates the importance of an autonomous civil society but provides individuals with the freedom to move around that civil space to pursue whatever projects they see fit. Of course, some projects may be less virtuous than those inspired by ecology and/or feminism, but such projects, e.g. those motivated by racism, cannot be excluded from a community by making a guaranteed income conditional.

This, then, represents the conclusion of my speculation regarding a democratic Left perspective. If some form of CI is common to market socialist, ecological and feminist economics, and if we are justified in looking beyond a social democratic perspective, then CI could be the first step to formulating a politics and a social policy which helps take democratic Left debates away from the abstractions of philosophical and epistemological issues. What is clear, then, is this. Whereas economic liberals and social democrats are capable of giving support to CI without regarding it as essential to their economic philosophies, the same is not quite true of the democratic Left which, if it is to have a future, must establish connections

between market socialist, ecological and feminist thought. Part of the point of the last three chapters has been to suggest that this might well be impossible without some substantial reference to CI. As such, CI is far more essential to the democratic Left than it is to either economic liberalism or social democracy.

## 7. Conclusion

So, we now have some idea of what the feminist critiques of capitalism, poverty, the family, the labour market and the state actually involve and we have seen that CI bears considerable feminist credentials such that it cannot be ignored by those who view patriarchy as the greatest obstacle to a fairer and more just society. We have also seen that because the democratic Left is that which must draw upon market socialist, ecological and feminist economics and because there is a version of CI implicit within all three then those interested in a democratic Left cannot afford to ignore CI either.

Having wound our way through this chapter, and all of those which have preceded it in Part 2, we are now in a position to bring this research thesis to some kind of conclusion.



CONCLUDING REMARKS

1. Introduction

In this, the final chapter, we shall attempt to do three things. Firstly, give a summary of the research as a whole; secondly, ask whether the objective that was laid out at the onset has been sufficiently addressed; finally, look towards the future somewhat by sketching the arena, i.e. European union, within which the debate over social security reform will increasingly take place. This is necessary since CI will be a part of that debate, and so the theoretical and ideological arguments regarding its desirability will shift somewhat onto that terrain. Here, obviously, we will only be able to briefly anticipate the form which that debate might take.

2. A Summary of the Research

Following the general introduction, chapter 2 attempted to give a broad outline of the philosophical perspectives and the political projects of economic liberalism, social democracy and the democratic Left. It also explained why conservatism would not merit consideration as a distinct *ideology*, and why we would only be giving intermittent attention to ecological and feminist thought. We then began to apply those ideologies to specific subject areas in order to tease out those differences which are relevant to any discussion of social security reform in general and CI in particular. So, chapter 3 addressed the concept of citizenship. We saw that economic liberals tend to regard citizenship as a form of consumerism, with social rights and economic conditions being of little relevance. Social democrats think of the citizen more in non-material terms, though, because of a residual statism and perfectionism, they have often conceived of the poorest especially as the passive clients of welfare bureaucracies, and there is the danger that they may continue to do so

in the future. The democratic Left tend to be suspicious of the concept of citizenship, though it is far from clear that any coherent alternative is available. In chapters 4 and 5 it became clear that the ideal economic liberal citizen is one whose identity would largely derive from their wage-earning activity in the formal labour market, a labour market which remains unregulated to the greatest possible extent. The social democratic citizen, too, is one who is to seen largely in the context of the labour market, albeit a market which embodies social rights and high employment levels via state intervention and regulation. The democratic Left is far less committed to the formal labour market which, given the perceived emergence of a post-employment and post-industrial socio-economic order, is no longer viewed as the sole origin of personal and social well-being. What do these alternative philosophical, sociological and economic theories imply then? For economic liberals, a social security system should certainly prevent extreme hardship but they take as their priority the minimization of overall costs and, consequently, of benefit levels. As I mentioned in the introduction to Part 2, their ideal system would be a highly selective safety-net, confined to those who could not afford private insurance. They will be attracted to CI to the extent that it accords with this priority and with this ideal. For social democrats, social security should, ideally, 'oil the wheels' of a high-employment labour market and provide the most generous benefits possible whenever that market 'malfunctions', hopefully temporarily. They will be attracted to CI if it is able to supply the kind of guaranteed minimum which social assistance benefits have failed to provide, thus fulfilling the requirements of universality. For the democratic Left, social security is more of an instrument of both material and non-material equality, and of an individual value-system which is not confined to the employment ethic. As such, their priority is the achievement of the low withdrawal rates which CI, in its no-strings-attached unconditionality, appears to embody.

This took us into Part 2. In chapter 6 we saw that NIT is that form of CI which most corresponds to economic liberal concerns, though many were scared off after the experiments of the 1970s. Chapter 7 outlined why social democrats are so committed to social insurance, leading them to push CI as a possible long-term proposal, though perhaps with some kind of Participation Income in the interim as a

logical consequence of a New Beveridge approach. Chapter 8 asserted that the democratic Left are strongly attached to CI given that social dividend proposals have a long history in market socialist theories, though the role which a CI could play in any transitional strategy has been under-researched. In chapters 9 and 10 we looked at ecological and feminist critiques partly in their own right, to see why both are capable of giving support to CI, and partly as critiques upon which the democratic Left must draw if it is to have a political future.

### 3. The Objective Re-visited

To what extent, then, has this research achieved its objective? I began by explaining why an ideological approach was justifiable. Firstly, because though many of those who wish to resist tax and benefit integration often do so by complaining about the amount of time, money, consensus and effort that CI would require (Clinton et al, 1994), if we really are serious about fighting poverty and economic insecurity then there are no 'short-cuts' and we face an uphill task whatever our adopted strategy. Yet CI's critics often ignore this point by avoiding any kind of substantial comparative analysis between strategies; with an ideological approach such an analysis is difficult to avoid, and we saw in chapter 7, for instance, how CI holds its own against the New Beveridge strategy, a fact which the latter's more numerous adherents usually fail to acknowledge. Secondly, and as I have argued a number of times, there is no such thing as an ideologically-neutral CI. To design an actual CI model requires us to decide on issues of generosity, conditionality and the like, decisions which inevitably refer us back to a host of moral and social presumptions. Finally, I observed that taking this approach would enable us to make the leap from the theoretical issues to the more practical social policy issues, a transition which is under-researched in the CI literature, but which seems crucial given the overall state of the debate in the mid-1990s.

Now, in chapter 1 I stated that our objective was to give some response to the following questions, questions which are essential to any understanding of the ideological elements of the debate. What motivates ideological proponents to contribute to the CI debate?

What form do those contributions take? Why do ideological variants of CI emerge as a result? Answering the first question means engaging with a complex theoretical background, implying a series of overlapping political philosophies and, further, trying to understand why those philosophies give their respective critiques of the existing social security system. Answering the second question requires us to understand that principle according to which an ideology would have benefits distributed and allocated. Answering the third question, finally, requires us to apply those principles to CI, as an abstract field of debate, in order to see how and why the ideological variants of CI then emerge. In short, the questions which are integral to this research's objective are those which

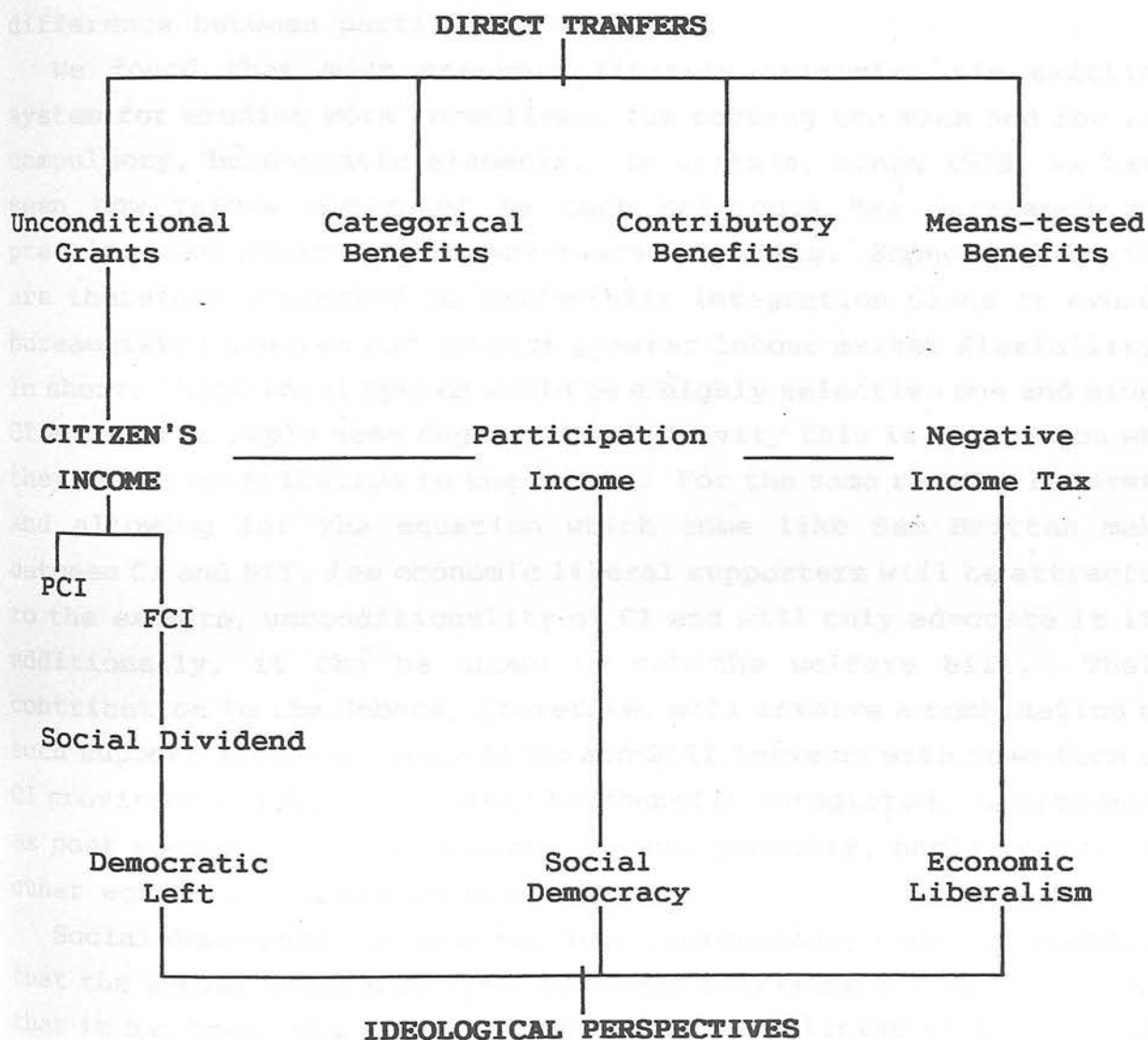


fig. 1



take us from the abstractions of the CI debate to its more practical, social policy aspects.

Let us now consider the findings of this research in more detail. So, at the top of fig. 1 we have our direct transfers. Means-testing is the least universal provision of all; contributory and categorical benefits are universally provided to all of those who qualify according to some criteria - having a child, a disability, or a good social insurance record; while unconditional grants are paid universally to everyone without reference to such conditions - unless you want to split hairs and insist that membership of, or residence in, a nation is still a way of imposing conditions on benefit receipt. CI is, then, the most obvious form of an unconditional grant - though it is not the only one, remember the brief discussion of birthright grants in chapter 6 - and we saw the difference between partial and full CIs.

We found that most economic liberals criticize the existing system for eroding work incentives, for costing too much and for its compulsory, bureaucratic elements. In Britain, since 1979, we have seen how reform motivated by such critiques has increased the prevalence of income- and means-tested benefits. Economic liberals are therefore attracted to tax/benefit integration since it avoids bureaucratic statism and permits greater labour market flexibility. In short, their ideal system would be a highly selective one and since CI appears to imply some degree of selectivity this is the reason why they make a contribution to the debate. For the same reason, however, and allowing for the equation which some like Sam Brittan make between CI and NIT, few economic liberal supporters will be attracted to the *ex ante*, unconditionality of CI and will only advocate it if, additionally, it can be shown to cut the welfare bill. Their contribution to the debate, therefore, will involve a combination of such support with such scepticism and will leave us with some form of CI provision which, while being tax/benefit integrated, is also paid *ex post* according to one's earnings and, probably, one's means. In other words, it leaves us with NIT.

Social democrats, meanwhile, have increasingly come to recognize that the social insurance system has not fulfilled its promise, such that it has been, and will continue to be, unrealistic to base so many benefits upon a lifetime of paid contributions. In effect, the existing system is still not universal enough. They will therefore

find a greater co-operation between the tax and benefit systems to be an attractive option since it is increasingly necessary to allow earnings and benefits to work together in the name of a citizenship ethic where paid contributions are of less importance. This is why social democrats get involved in the CI debate. However, the out-and-out integration implied by an unconditional benefit quickly runs up against the social democratic version of the work ethic, or what I have re-termed the employment ethic. Their contribution to the debate, therefore, consists of proposals which, rather than integrating the two systems, prefers to co-ordinate them. So, if problems come from having the tax and benefit systems overlap, the practical solution, for social democrats, is not to fuse them but to pull them apart and create more in-work benefits. The Borrie Commission, for one, looked favourably on the co-ordination of the tax and benefit systems, which might then be combined with a social insurance system which is not so dependent upon paid contributions, i.e. a Participation Income, which, in turn, might be the logical outcome of any rigorously pursued New Beveridge strategy.

The democratic Left find that the current system is centred far too much upon statist and market imperatives, such that it does not permit individuals and groups to 'strike out' and pursue goals and goods which existing society might find alien and even threatening. As such, they are not only the most comfortable with unconditionality but, in the long-term, would also favour a FCI. As such, it is perhaps the democratic Left which looks most favourably on CI. However, in chapter 8 we saw that since tax revenues probably could not support a FCI, alternative sources of funding must be found. Could this imply a social dividend, funded not only out of taxes but also out of the returns to publically-owned capital, and would this move us towards a market socialist economy? Basically, then, the contribution which the democratic Left make to the debate is to attempt to locate CI within wider proposals for economic and social re-structuring. Within this context a FCI becomes a social dividend. Additionally, ecologists and feminists have contributed much to the CI debate but do not, for the most part, offer differing models of CI. Nevertheless, they do offer differing justifications of CI which, while standing in their own right, are also justifications upon which the democratic Left must draw.

I think, therefore, that this research can be summarized as

follows. First of all, it is important to remember those principles which ideologies take as their priority when assessing social security. As established in the introduction to Part 2, economic liberals favour low public spending and selectivism above all, social democrats favour generous benefits and universalism above all, and the democratic Left favour low withdrawal rates and unconditionality above all. Now, ideological proponents are motivated to get involved in the CI debate as a reaction against the current system which, in terms of these principles, is perceived to be iniquitous and/or inefficacious and for which CI appears to offer some kind of alternative. CI, in the abstract, seems to be all things to all observers. Its selectivist implications attract economic liberals, its universalist implications attract social democrats, and its unconditionality attracts the democratic Left. The form which contributions to the debate will then take follows on from the critiques which have been given of the existing system. Each ideology will stress that principle which the existing system fails to embody sufficiently, and which CI could embody, and will attempt to screen out the others. For example, since economic liberals consider the existing system to be too expensive and too universalist they will insist that tax/benefit integration is only a viable alternative if, conversely, it is cost-effective and selectivist. Social democrats will wish to promote both universal and generous benefits, which means that they are currently unlikely to support moving all of the way towards an unconditional provision, since this can presently guarantee only a modest minimum income. Finally, the democratic Left deplore the manipulative tendencies of the post-war system, such that they find universal benefits to be justifiable only if they are no longer based upon exclusivist contributions, and if they enable poverty traps to be eliminated to the greatest possible extent. So, obviously, differing ideological models will then emerge out of the CI debate depending upon the principles which ideologies brought to that debate in the first place. Economic liberals will favour an *ex post*, selectivist CI, or NIT; social democrats will either put CI on the back-burner, or favour a social insurance version, a Participation Income; and the democratic Left will welcome an unconditional income which, over time, could be transformed into a social dividend as we search for alternative, but complementary, sources of revenue.



In short, the questions which I have attempted to address are closely inter-related and we see how they flow into one another as we move from the CI debate's theoretical aspects to its more practical ones. The principles which ideological proponents find are not embodied in the existing system are also those which motivate them to contribute to the debate, and which subsequently influence the nature of those contributions such that varying ideological models of CI then emerge. It is this inter-action, this 'flow', which I have tried to reflect in the structure of this research in order that it may achieve its objective.

Despite this conclusion, however, it is still not easy to identify exactly where the ideological consensus over CI ends and a dissensus begins, since any speculation along such lines is itself shot through with ideological assumptions. Is CI a means by which differing ideologies reach agreement over the achievement of a common goal, as Tony Walter (1989, 143) argues in one of the epigraphs to this thesis? Or does CI offer no real basis for agreement, since social policy is shot through with ideological disputes which are endlessly contestable? In short, is the CI debate one of means or ends? Let us look at the two 'extreme' responses to such a question.

Firstly, there are those who believe that the CI debate is purely one of means so that a concentration upon ideological ends is entirely misplaced. As such, no substantial ethical and political dissensus over CI should exist and those who foster such non-technical disagreements are threatening the attractiveness, and therefore the viability, of a proposal which could go some way to eliminating poverty. This approximates to the position not only of Walter, but also of Ralf Dahrendorf (1988) who insists that CI not be turned into a political football and so would seem to be expressing unease with the kind of approach adopted in this research. Yet the trouble with this view is that it depends upon the assumption that an open society is characterized by features which are incompatible with the 'systems-building' of those who still yearn for a 'third-way' between capitalism and communism (1990, 54-62). For someone who sympathizes with the Left, in both its social democratic and more radical versions, I find this not only to be undesirable and untenable but also naive. If anything the demise of state communism gives the (democratic ?) Left opportunities which it has not possessed for a century. Dahrendorf's epitaph is premature and an



unthinking application of his four decades old insistence that social conflict is sited along the battle-lines of political power rather than economic power (Dahrendorf, 1959). As such, I conclude that an exclusive insistence upon means is unjustifiable.

As is, secondly, an exclusive concern with ends, i.e. the insistence that disagreements over ideological objectives is all that the CI debate boils down to. No real consensus over CI is possible and to the extent that one exists this is expainable as either short-term, illusory, or possibly itself an ideological diversion from the real issues. Alan Duncan (1995, 7-8), most recent spokesperson for the Gingrich Right, comes close to this interpretation:

The choice is not between Left and Right, but between freedom and 'security'. And to choose security is an illusion - the state cannot deliver. It is merely a guarantee on long-term decline....I think our [Duncan and Dominic Hobson] advocacy of Basic Income must be seen to go hand in hand with the dramatic reduction in state interference which we also advocate. (Duncan, 1995, 8)

I characterize this as a concern with ends and dissensus since Duncan nowhere allows the Left into his scheme of things. If a Leftist government introduced CI accompanied by rises in public spending would Duncan support it or not? If not, then his support for CI's simplicity and individualism is superficial and he is not really involved in the debate in the first place. If he did support it, then he would have to admit something he has not so far allowed: namely, that the Left, with their advocacy of 'security', do have something valuable to say and to contribute. Either Duncan is an anti-consensus ideologue or he is a CI supporter, but it is not possible to be both. In short, Duncan's attempt - despite his reference to "our advocacy" - to weld CI to one particular ideology (his own) is simplistic and dangerous. Equally, those on the Left who would not allow the Right into the debate are also being reductivist. Personally, I often feel uncomfortable with interventions into the debate by the likes of Brittan (1995) and Duncan and Hobson (1995), as well as the family-values rhetoric of conservatives like Parker (1995) and professed social democrats like Young and Halsey (1995). Yet it is undeniable that their ideas are both valuable in themselves and capable of stimulating the kind of debate out of which some basic

consensus might arise.

But if the CI debate is one which somehow consists both of consensus, as stressed by Dahrendorf, and of dissensus, as Duncan insists, then where does the one end and the other begin? I suspect that we there is no definite answer to this because, quite simply, the line between the two shifts according to the political circumstances of the day. At the moment, the consensus between CI supporters is largely born of a determination to push CI into the arena of mainstream intellectual and political debate. At present, the Conservative government have an interest in not pushing ambitious, untried proposals since memories of the Poll Tax are not likely to fade for a long time yet. Equally, the Labour Party sees itself as on the verge of power and so has an interest in signalling 'business as usual', allowing for a few relatively modest reforms. So, as I have observed, the CI consensus is largely negative, in that it is a reaction against the failings of the 'wages or welfare' assumptions of the last 50 years, and partly positive, in that supporters wish to have CI included more fully in the policy-making arena. If that arena were to be entered eventually, then what would happen? Would the positive consensus hold, perhaps over the desirability of a PCI, or would we be left with only the negative aspects such that the ideological disagreements examined here would begin to come to the fore? I suspect that the latter scenario would prevail and, indeed, this thesis was conceived in the light of this possibility. In other words, what consensus there is may well be only short-term; in the long-term it is the ideological ends of CI which may come to define the debate. Dahrendorf and Duncan are perhaps both correct but on differing timescales. In the long-term, the ideological dimensions explored in this thesis become more and more important.

Now, since various political and economic factors (monetary union and globalization, respectively) make it reasonable to infer that the European Union will come to occupy a greater proportion of the debates over social policy than has been the case in the past, then those long-term ideological disagreements will increasingly take place on a European stage. As such, I propose to bring this thesis to a close by taking a look at the European dimension in order to help set that stage for any future research into the implications for CI of ideological disputes, and, conversely, the implications of CI for such ideological disputes.

#### 4. European Social Policy and the Future of the CI Debate

For the most part the bulk of this research has concerned itself with the nation-state, both in the abstract, conceptual sense and in the sense that Britain has been its main point of reference. Up until the 1980s this would not have been much of a problem and this research could already have come to a close. But that dimension increasingly spills over the borders of nation-states such that discussions of economics, politics or social policy which ignore it are increasingly anachronistic (Ditch, 1993). In short, no future social security reform can be implemented without consideration of how it will affect other countries and how the social policies of other countries will affect it. This applies as much to CI as to any other reform strategy. I therefore feel justified, having summarized and addressed the objectives of this research, in leaving a 'loose-end' which will become more and more important and which future research must pick up and run with. So, this section will: sketch the background to any discussion of social security reform; examine the factor of regional diversity; outline four broad scenarios for the future of the European social security system(s); offer an argument for CI per se; fit CI into those broad scenarios.

Relatively few European social policies have been implemented. Though in the 1960s the harmonization of member states' social security systems was a principal objective of the European Community such an objective has fallen from favour as the number of member states has increased (Watson, 1993, 163). By 1972 it was the common provision of minimum standards which the Commission took as its goal and in 1974 it recommended the extension of social rights to the whole of the working population and the provision of a minimum income to all those who were economically inactive. This, however was never taken up by the Council of Ministers and the crises of the 1970s ensured that the mutual raising of standards across the Community would be harder to achieve. The legislation which has been passed has been modest, patchy and mostly non-compulsory (Watson, 1993, 163-9).

The background to any discussion of social security reform concerns the free movement of workers (Watson, 1993, 157). The degree of inter-state migration is still relatively modest and motivated largely out of economic necessity. However, if Europe were

to become more of an open space for European citizens to migrate within then the implications for social security are profound. Now, the inter-state co-ordination of labour laws is sufficient when it comes to encouraging labour migration, e.g. to outlaw discrimination against foreign workers. However, when it comes to the right of an individual not to lose their benefit entitlements when they go to work in another member state then this is a more highly contentious aspect of social policy. The transfer of social rights across member states is still at a rudimentary stage since many are unwilling to be hosts to those who will lay claims to their medical services and social assistance. Entitlements to benefits in host countries are few with poorer people being discriminated against the most (Jacobs & Zeijen, 1993, 29-31). So there is a contradiction here: migration is encouraged to oil the wheels of a single market, but the consequent flexibility also brings with it an insecurity and a 'welfare conservatism' which means that the costs of migration often outweigh the benefits. Resolving this contradiction would seem to be the single greatest challenge for European social policy, whatever your ideology.

There is, however, little evidence that the challenge is being met. For instance, Article 3 of (EEC) No. 1408/71 details the opportunities for people to export their benefits from one member state to another and aggregate their benefits accordingly. But it does not cover non-contributory social assistance schemes - among other things - and therefore does not guarantee a minimum income, nor has the Commission been able to get the approval of the Council of Ministers to extend coverage. Obviously, if such fear of 'social tourism' prevails then not only will a common European space fail to emerge but the long-established welfare provision of individual member states may come under threat. Why should this be so? Firstly, because as employers increasingly go in search of those nations and regions which offer the lowest labour costs then wage-levels and benefit-levels in the wealthier areas will be damaged - though it could be argued that low labour costs are far from being the advantage which many imagine them to be since they do not signify the degree of skills and experience which investors prefer. Secondly, because immigrating workers may depress wages etc. without such re-location anyway. Thirdly, a single market encourages take-overs, mergers and therefore redundancies. Fourthly, a new culture is born whereby



employers complain that they are over-burdened when compared with their European competitors, so that not only do all strive for the lowest common denominator - of benefit levels and entitlements - but that lowest denominator itself sinks over time. Now such 'social dumping' may be welcomed by some as implying an upward spiral of standards in the long-term. Others, though, have found this view to be either naive or deliberately misleading and have proposed a Social Charter to compensate for the destructive competition of a single market. The trouble is that out of the Charter's 19 substantial Articles member states only have to sign up to 10 and of 7 key Articles only 5 need be accepted. So although it appeals to the rhetoric of social rights the Charter does little to embody them in a meaningful form.

Why this weakness of will? What stands in the way of greater co-operation between member states on the issue of welfare provision (Cutler et al, 1989, 76-105; Nielson & Szyszczak, 1991, 38; Watson, 1993, 163-70)? Quite simply, it is regional diversity which obstructs any strong European-wide agreement on social security (Williams, 1991, 125-35). For instance, Collier (1994, 147) demonstrates the immense differentials between the nations and regions at the top and those at the bottom, e.g. in 1990 the poorest German region was still about 20% richer than the richest Greek region. Now, proposals for a European Investment Bank would ease those differentials by funding infrastructural improvements in the poorest regions, yet no-one should under-estimate the depth of regional diversity nor the time it would take to make even modest inroads into them. This is why European-wide social security proposals remain at a correspondingly unambitious stage. Should the richer nations and regions in the North fund higher benefit levels in the poorer South? This is hardly likely to be popular amongst northern electorates. No surprise, then, that arguments over the future of Europe remain at the level of economic and political debates with social policy getting little of a look-in except as supplements to wider proposals. So, those on the Right who argue for a deflationary strategy are suspicious of political and legal integration and favour a deregulatory labour market with benefit systems to match; those, from socially-minded conservatives to post-Keynesian social democrats, who are more receptive to reflationary strategies welcome some degree of integration and favour employment creation aided by

some kind of welfare co-ordination involving the transfer of social rights and so forth.

Furthermore, regional diversity is as non-material and ideological as it is to do with income and wealth. Not only that but the two interact in surprising ways, as suggested by Esping-Anderson. By decommodification Esping-Anderson (1991, 21-2) refers to the extent to which individuals can subsist independently of the cash-nexus and, what is more, he insists that it is possible to measure the degrees of decommodification which advanced welfare regimes have achieved. Once this is done, Esping-Anderson (1991, 47-54) identifies 'clusters' of welfare regimes, which correspond to his central typologies, with the social democratic Nordic countries - Sweden, Norway, Denmark, Netherlands, Belgium - being highly decommodified, the conservative/catholic countries - Italy, France, Germany, Finland, Switzerland - being less so and the liberal nations - Ireland, Britain - being the most commodified of all. Whatever the empirical respectability of Esping-Anderson's work he articulates a common intuition: those who lean towards the Right are attracted to the commodifying effects of the market, those towards the Left are hostile to them. So, given that such welfare clusters do explain a great deal this gives us another reason to doubt that social policy will be at the heart of European integration for some time to come.

If regional diversity in both its material and ideological aspects presents social policy with considerable obstacles what are the implications for social security? I would like now to outline four possible scenarios for the future of the European social security system(s).

The first scenario is a deregulatory one. In terms of economic policy this implies deflationary strategies necessitating cuts in public spending and, probably, high unemployment. The deregulator insists that substantial social rights, e.g. to a minimum wage, and generous benefit regimes simply impose damaging rigidities on labour markets at a time when European competition requires flexibility. So what this implies is an economic liberalism played out at an international level with nation-states adopting the roles which, within the context of a single nation, are occupied by individuals, i.e. as uncoerced, contractual agents within a free market environment. In one respect this seems contradictory. Surely

economic liberals should take the individual, of whatever nationality, as the unit of free market competitiveness with national borders being swept away in the name of *laissez-faire* economics. In practice, nevertheless, economic liberals do tend to be nationalistic with their more conservative instincts rising to the surface to place limits on the scope of market forces. In any event, deregulation just is this combination of free market economics and nationalism such that those nations with generous welfare regimes will deserve to be punished in a Europe of inter-state competitiveness. The deregulator, therefore, finds little rationale for economic, political and social integration, preferring instead the vision of a Europe of nation-states living together according to the outcomes of market equilibrium and not the dictates of trans-national super-institutions. So, there is no scope for co-operation over social security systems - other than, perhaps, legal co-ordination to ensure benefit transfers and the like - since this would contradict free market competitiveness. Meade (1991, 22-3) is not alone in finding this scenario untenable, as producing negative externalities which would require intervention at the European level after all.

The second scenario is one likely to be supported by socially-minded conservatives or, in a continental context, by christian democrats. Though oriented towards market-based provision this scenario is less concerned with deflation and deregulation, insisting that what is important about any European future is not only the accumulation of capital but the legitimacy of such accumulative strategies in the eyes of those whom they affect. In other words, a solidaristic ethic rather than a competitive free-for-all. This implies a common European home for European citizens, as opposed to the economic liberal consumer. A single currency, a central and independent European bank, a strong European parliament, minimum welfare standards, all of these institutions and policies find favour under this scenario. Social security systems would be subject to some form of co-ordination; not only of a legalistic form but the kind of co-ordination designed to ensure that benefits' systems are not used as pawns in a competitive game of 'our benefits and wages are lower than yours'. This scenario, then, aims at a 'levelling-up' and not at the kind of downward spiral of wages, benefits, working conditions and occupational rights with which the

deregulatory scenario is accused.

The third scenario echoes the second but attempts to build upon it in that it is still more integrative, co-operative and solidaristic. This is the social democratic scenario (Smith, 1994, 274-5), in that it is concerned not simply to secure legitimacy by smoothing away the rougher edges of trans-national capitalism but wishes to construct a distinct social space which imposes specific boundaries on market relations according to the principles of social justice. Conservatives are correct to regard the economic liberal scenario as undesirable, yet they still do not go far enough. A single currency might be welcome if it permits and even facilitates a reflationary economy which actively creates jobs. A central European bank could not be fully independent since a social space requires that economic institutions be democratically accountable to those whose lives they affect. A strong European parliament with legislative powers would be welcome and some degree of harmonization between welfare regimes to the extent permitted by regional diversity. This implies not only the co-ordination of social security systems but a convergence of benefit levels, entitlements and structures. This is a scenario to which the European Commission often pays lip-service, but little else.

The final scenario is a very speculative one and is nowhere on the agenda because of its utopian flavour (Meade, 1991, 3; Venturini, 1992, 12). This would be highly integrative and, in essence, a United States of Europe. Economically, politically and socially it would be centralized in one sense in that national parliaments would surrender sovereignty to European institutions; in another sense, it would be highly decentralized, according to the much-abused principle of subsidiarity, where policy decisions are made at the lowest possible level. It is far from clear how decision-making powers would be distributed but the objective, in the case of both centralization and decentralization, would be to take us into a world beyond the nation-state where other ways of generating welfare and justice are required. This Europe of integrative institutions and regions would be given coherence through some kind of continent-wide welfare state which would provide 'cradle to grave' provision for all. Under this scenario, a single social security system is implied so that there are no national or regional diversity of benefit levels, and so forth.



Each of these scenarios offer to resolve the contradiction specified earlier between the need for greater labour mobility and the insecurity which such flexibilization entails. The first says that insecurity will become less of a factor as free market flexibility generates the goods and resources which are the inevitable consequence of *laissez-faire* capitalism. The second and third scenarios do not put their faith in free markets and insist that more integrative, interventionist policies are required (Cutler *et al*, 1989, 147-65). In other words, labour markets are not 'left alone' and the social rights of European citizens are institutionalized. The final scenario goes along with this critique but finds that such conservative/social democratic approaches are naive in that they underestimate the capacity of international capital markets to scupper greater European co-operation so that economic insecurity necessitates a higher degree of integration if nations are not to be played off against each other. Now, before we try to spell out how a CI might fit into each of these scenarios what arguments for CI in a European context have been advanced (cf. Michie & Wilkinson, 1994, 23-4)?

In 1988 Nel van Dijk, who was a representative of the Dutch Green Progressive Accord Party in the European Parliament, presented a working document on Basic Income to the Committee for Social Affairs and Employment which was debating possible social security reforms at the time. Though, so far as I have found, the Committee has made few radical proposals van Dijk (1988, 15-19) at least had the chance to argue for CI at a European level (cf. Vilroks, 1993), even if her arguments do not always contain a specific European slant. She basically claims that CI would have eight advantages. The first advantage she lists is that a CI would take the individual as the assessment unit. However, it is not clear to me either that conservatives would be happy with this, since the family is seen as the bedrock of society, or economic liberals, since their individualism extends only so far as the market. Secondly, she argues that CI would reduce poverty traps and administrative surveillance. But, as already pointed out, poverty in Germany is considerably different from poverty in Greece. Too high a CI would involve the North bank-rolling the South; too low a CI would be of little use to anyone. Nor would differential levels of CI embody the solidarity which a European social dimension would need to imply.

Also, it is far from clear that conservatives regard administrative surveillance as altogether a bad thing. The third advantage is that people would have greater opportunities to choose between full- and part-time work which, so far as I can tell, would be welcomed by all ideologies. Fourthly, a CI could raise the power of labour against that of capital, which, of course, those leaning towards the Right would not be likely to welcome. Fifthly, people would find it easier to take work sabbaticals. This is allied to the previous point though might be attractive to the Right if it were consistent with greater labour mobility. Van Dijk's sixth point is that woman would gain more financial independence, though it is not clear to what extent this would be consistent with the anti-feminist implications of mainstream ideologies, Right and Left. The seventh advantage she mentions is that CI could encourage more self-employment, since the penalties for failure would be less considerable than at present. So far as I can surmise this would surely be attractive to all those committed to a European single market. Finally, a CI might allow wage levels to fall, depending upon the level at which it is pitched. This, certainly in the short-term, will be attractive to economic liberals but far less so to the Left who would fear an erosion of union strength. Also, such a proposal might be resisted by Southern countries who feared it would damage the one advantage they currently have in the European union, i.e. cheaper labour. So, having reviewed some of the standard arguments for CI and why, especially in a European context, there might be dissenters can we specify how a CI could fit into each of the scenarios we outlined just before?

I suggested that the deregulator's Europe was that most likely to be supported by economic liberals. As such, it is difficult to imagine a European-wide CI emerging from this perspective. Either deregulators will favour competition between member states, to see who can offer those social security regimes which are most attractive to potential investors, or if NIT is to be contemplated then this too will be a reform implemented at the level of nation-states designed to serve the same competitive rationale. A European NIT would simply contradict the hostility which economic liberals show to anything more than a single market. In short, I can see no way in which CI, in any form, fits into this scenario.

I then went on to sketch a Europe organized around conservative values of solidarity and hierarchy where social rights are

contemplated and social security systems might be co-ordinated in terms of minimum benefit levels. Whether CI has a role to play within this scenario depends upon the continued commitment which member states make to the social insurance principle. On the one hand, provision based upon this principle is widespread and almost certainly here to stay for the foreseeable future; on the other, if member states really are serious about reform then, as chapter 7 suggested, the logic of providing some kind of minimum income on a more generous and less conditional basis might come to be unavoidable. So although it is this scenario which most accurately describes the current drift of European social policy (European Commission, 1994; Flynn, 1993, 53), even with such a continent-wide social security net the problems of inadequate coverage and take-up would not only re-appear but would be magnified greatly. As Atkinson (1992, 20) suggests, this might cause policy-makers to look beyond income-tested social assistance and think of ways in which a minimum income can be genuinely guaranteed. Would such a convergence of objectives open the door for a CI, perhaps in the form of a Participation Income? Again, it is difficult to see this happening, largely because this scenario still approaches social rights rather modestly, as measures to secure legitimacy rather than as reflecting basic human needs. So any convergence of social security systems would be marginal and though the logic of an unconditional income might become more persuasive (Benington & Taylor, 1993, 130-2), the legitimacy-securing effects of social insurance are unlikely to be overcome. According to Atkinson's characterization of the Social Charter:

...it is not obvious that the Elizabethan Poor Law provides the best model for the Europe of the next century. (1992, 20)

Perhaps not, but it may yet prove to be the most popular model (Spicker, 1991; Leibfried, 1994).

For similar reasons the kind of weak harmonization of social security which would characterize the social democratic scenario is also unlikely to come about. But even were it to do so then a CI - whether a Participation Income or a PCI - would still be at a disadvantage given the central commitment which social democrats still demonstrate towards minimum wages and traditional job

creation. Meade (1991, 26) may reject such proposals as inefficient and bureaucratic yet, inevitably, they are likely to continue to be popular through sheer weight of tried-and-tested familiarity. Also, Meade's proposals (1991, 28-9) to combat the corrosive effects of national competition on egalitarian strategies are highly modest in themselves, as he acknowledges, so that greater European-wide social equality does not look like a realistic prospect (Vobruba, 1991). If this is the case, then even if social democrats do establish some kind of hegemony over future developments then the price to be paid could be a piecemeal, cautious approach which would eschew any suggestion that the links between a minimum income and employment could be loosened. So, social insurance would continue to be the motivating principle; and though it is possible to speculate about a very small CI supplementing social insurance benefits, with the continuation of the present system the CI that could be afforded would be at such a small level as to be of symbolic value only, rather than of redistributive value.

The fourth, highly integrative scenario would embody a strong harmonization, i.e. a single social security regime with highly generous benefit levels and entitlements. Though there is no necessary reason why a CI, probably a FCI, would correspond to such a model it would be the most likely candidate since social insurance either fails to provide everyone with a safety-net, thus contradicting the ideals of a substantial social dimension, or it must jettison the emphasis upon contributions which cause that safety-net to unravel and so come to resemble a CI in any case. But, of course, such a highly integrated scenario remains a pipe-dream and will continue to do so for the long-term, it represents the point at which pragmatism becomes more of a virtue than ever.

So, a CI seems even less of a prospect when it comes to European union than it does when we consider the nation-state in isolation. The deregulators' scenario makes it look undesirable and unnecessary, the conservative/social democratic scenarios remain wedded to social insurance, minimum wages and employment creation with little room for CI - or even Participation Income - while the integrators' scenario lacks feasibility. None of this means that the CI debate is irrelevant especially since, as this research has hopefully demonstrated, there are numerous persuasive arguments for it. However, as Europe becomes more important to considerations of



social policy and of social security reform then the obstacles in the way of CI's implementation not only become higher, they become more numerous. This may be a sombre note on which to close but, as suggested earlier, it is far from clear that much of a positive consensus has formed around CI. So if CI ever is to emerge onto the policy arena then it must ultimately do so in some ideological form or another. Were this to occur then considerable interests would line up against it. As such, it would be a betrayal to underestimate the long haul ahead and though the European context adds an extra dimension, an extra reason to doubt that CI has much of a future, the dominance of those committed either to income- and means-testing or social insurance does not ultimately depend upon that context. One way or another the CI debate is still very much in its infancy.

## IDEOLOGY VERSUS DISCOURSE

As noted in chapter 2, we may also make a distinction within the democratic Left between humanists whose critiques are ideological and post-structuralists whose critiques are discursive.

Ideology is perhaps the central concept employed by Althusser. Building on Marx, Althusser treats ideology as a *material practice which, epistemologically, contrasts with science*. What does this mean?:

What is represented in ideology is...not the system of the real relations which govern the existence of individuals, but the imaginary relation of those individuals to the real relations in which they live. (1971, 155)

Ideology is a system of representations of real relations, a system within which we come to possess some appreciation of what those relations involve and an understanding of how we may act upon them. All social formations are ideological, communist ones included. But the medium of representation is not consciousness: rather, ideology is the lived experience of social formations, the means through which formations are either preserved or revolutionized (1969, 231-4).

Althusser's theory of the subject rejects the notion of a centred, unitary ego. Instead, since "...an ideology always exists in an apparatus, and its practice...", and since ideology is that within which we live, then 'individuals' are inserted into ideological apparatuses: "...the subject acts insofar as he is acted..." (1971, 156-64). We are made and acted upon by ideological structures. This is what is meant by *interpellation*. Ideology is that which constitutes concrete individuals as subjects: we are ideological beings through and through. This process, however, never announces itself. Indeed, ideology interpellates by erasing the process of interpellation (1971, 156-64). This is necessary to capitalist formations, especially, because the apparatuses within which we are inserted are not neutral with regard to power. They are what Althusser calls Ideological State Apparatuses (ISA). ISAs are

functional to capitalist reproduction because,

...labour power requires not only a reproduction of its skills, but also...a reproduction of its submission to the rules of the established order. (1971, 127-8)

Through churches, schools, the family, the courts, political parties, and the media willing subjection to the ruling ideology is secured. And when willing subjection is not secured, repressive state apparatuses - police, army, prisons - are on hand to procure obedience (1971, 169).

However, Althusser does not visualize us as caught inexorably in an ideological web from which we are unable to achieve a critical distance. Certainly, as purely ideological beings we are, on our own, incapable of escaping from ourselves as sites of subjection. But beyond ideology lies science. Ideological practice is only the pre-history of scientific practice; between the two exists a qualitative theoretical and historical discontinuity: an epistemological break. Science is that which must continually free itself from the ideology which attempts to 'occupy' it (1969, 167-72). Science proceeds from the abstract material of ideological practice, makes this material concrete and so transforms it into knowledge. Through the Marxist science of society - both historical and dialectical materialism - a working-class ideology emerges and extricates itself from bourgeois ideology and, by understanding and applying the material laws of history, revolutionizes the capitalist social formation (1990, 37-42).

To sum up: ideology is a material practice which interpellates us as subjects and through which the world is represented to us, so without recourse to Marxist science we remain oblivious to the real conditions of our existence.

Now, this theory of ideology is representational because there exist real relations which are represented *imaginatively*. The curious paradox is that though this theory is representational it is not realist. Althusser is not referring to a world 'out-there': the objects of theoretical understanding are *internal to the theory itself*. This means that as well as being an anti-humanist he is profoundly ahistorical in his approach. What is to be understood, in understanding the material laws of history, is not history *per se*, e.g. the development of class consciousness, but the laws themselves

which are as susceptible to scientific, *a priori* reasoning as are the theorems of geometry and mathematics - Gödel notwithstanding. What Marxist science 'reveals' is not a class subject but the very concepts of historical materialism. It is as if the verification of that science's conclusions is given by the methodology of the science itself.

If you think about it, Althusser is being entirely consistent: he must be ahistorical because he is an anti-humanist. Because we are made as subjects, as the supports of ideological structures, there is no need to deal with the irreducibility of consciousness as it evolves through history. If we define a structure as the totality of a system of internal relations, then Althusser's structuralism is a methodology which reveals the totality, to itself, *from inside*. There is no exterior which is not already an interior.

This allows us to formulate some idea of what 'ideology' might imply. Prior to Althusser, ideology implied a wholesale essentialism and realism since it was thought that there exists an independent material world *out-there*, beyond what can be said and thought about it, which is somehow represented to us in the ideas we have of it and to which those ideas refer back. What Althusser does is to detach representationalism from realism. Ideology is then conceived as the imaginary representation of the real, but what is real is not an extra-discursive referent - i.e. material conditions in the world - but, rather, *scientific theory talking to itself*. So we could say that ideology implies a referent, a realm of objects in a world *out-there*. By abandoning the referent Althusser, even more than Lacan whom he admired, encompasses both structuralism and post-structuralism, essentialism and non-essentialism, ideology-critique and discourse-analysis.

Which leads neatly into a discussion of discourse. Many have reacted against Althusser's approach(es) as methodologically incoherent. Either we must go in one direction or another, either replace the referent or embrace discourse completely. As an example of the latter let us look at Paul Hirst and Barry Hindess. Hirst and Hindess attempt to make Althusserian Marxism consistent by eliminating, more firmly than their mentor does, any reference to an *out-there*. A concept, they say, is defined by its situation and function within a "...determinate field of concepts, a problematic...", i.e. within knowledge, which is not reducible to,



nor given from, 'real' conditions (Hindess & Hirst, 1975, 1). A fact is not that which precedes knowledge, but that which is the product of theoretical and ideological practices. To imagine otherwise, to imagine that empiricism tells us the truth, is itself an ideological construct:

Concrete conditions are not 'given' to theory in order to validate or to refute its general concepts. On the contrary, it is the general concepts that make possible the analysis of the concrete. (Hindess & Hirst, 1975, 1-5)

The current situation within which we find ourselves should not be conceived of as an object in the real, because an object does not exist independently of the political practice through which it is constituted. Objects only exist for Marxist practice in so far as they are given definitive form by Marxist practice. Far from this being a surrender to pragmatism, it is entirely consistent with Marxist praxis, i.e. the convergence of theory with practice (Hindess & Hirst, 1975, 322-3).

What this leads to is an overwhelming emphasis on discourse. Discourse, according to Hirst and Hindess, is not equivalent to theory because it is not limited by, nor representative of, the order of the real. Since there is no such thing as a reality-in-itself, discourse is interminable and post-epistemological. This must be so because epistemology is the attempt to privilege a particular discourse, which can only be done by appealing to the criteria specific to the very discourse which is held to be privileged. Such circularity is ultimately dogmatic: the only way the circularity can be stabilized is through a blunt postulation of extra-discursive objects and agents without the demonstrable proof upon which the epistemological approach itself depends (Hindess & Hirst, 1977, 8-19). This is something which even Althusser does and which they themselves had done in *Pre-Capitalist Modes of Production* (1975). For even to refer to a mode of production is a contradiction since it is to treat the economic as a moment of a combination - with the political, the cultural etc. - and the determining moment, in the last instance, of that combination. So discourse-analysis does not discover nor disclose truth and falsity; rather, it demands that conceptualization, as a practice, observe logical consistency. This is what Marxist political analysis must consist in, they

insist.

Now, if discourse-analysis is adopted one of two things occur. Firstly, you may come to regard such analysis as untenable and therefore abandon Marxism altogether - since Althusserianism is held to be the culmination of Marxist theorizing. Secondly, you may regard such analysis as perfectly tenable but be therefore forced to consider Marxism as merely one discourse within a plurality of others: post-Marxism. The former interpretation was the one subsequently taken by both Hirst and Hindess - who have since identified with social democracy. The second was taken by Laclau - see below.

So discourse can be taken to imply the total abandonment of both representation and realism - because the distinction between the known and the knower, the object and the subject, is held to be incoherent - and therefore of the referent. Ideology-critique, meanwhile, implies the relevance of all three. Discourse-analysis defines itself as a post-essentialism. There can be neither a knower-in-itself (episteme) nor a known-in-itself. Such post-essentialism must not only dismiss the possibility of a referent, but also the autonomy of the signified. This is to follow the crucial post-structuralist move. For if, following Saussure, the relation between sign and referent is arbitrary, and if the signified is that which means what the referent is, then arbitrariness must extend to the relation between signified and signifier. Discourse is, then, pure signification. The signified, or meaning, is an act of the signifier. When we name, we are creating meaning, rather than reflecting an objective meaning already inscribed in the world out-there. Politics, therefore, should no longer be considered as the identification of objective interests given by material, socio-economic conditions; instead, politics is the formation of identities which are established only in the process by which they are named: my interests are not pre-given, they are discursive articulations. So whereas ideology implies a realism - representation of a referent - discourse is pure signification, the flattening out of the distinct dimensions which both ideology and epistemology imply.

Curiously, though, and despite its apparently radical departure, discourse-analysis is a mirror-image of the ideology-critique which it is reacting against (Eagleton, 1991, 203-13). Ideology at its

worst, i.e. Marxist economism, implied a reduction of the sign to the referent and therefore of the signifier to the signified. It treated politics, culture, law et al as superstructures which could all be read off from economic class relations. But discourse-analysis, at its worst, seems to reproduce such reductionism by collapsing everything back into the act of signification. In rejecting, correctly, the idea of a direct and simple correspondence between concepts and reality, discourse-analysists imagine that any theory which implies some such correspondence must be a reification of the discursive act. Whereas ideology often implies a causal relation flowing from signified to signifier, discourse often retains this causal emphasis by reversing the direction of flow from signifier to signified. From reducing politics to economics, we have now passed to reducing economics to politics, i.e. interests do not exist until they are articulated. But what makes one form of articulation better than another? How can we argue that the unemployed socialist is more aware of his interests than the unemployed conservative? Discourse-analysis offers no way of doing so. The discourse which says 'unemployment is caused by market rigidities produced by high wages etc.' is just as explanatory and meaningful as that which says 'unemployment is caused by the functional requirements of capital'. The fact that the capitalistic discourse legitimates and so preserves inequalities of power, while the socialistic discourse resists them, is of no consideration. Obviously, the strict discourse-analysist would regard this 'fact' as itself a discursive construction; it was precisely this logic, this unwillingness to distinguish between power as production and power as repression - a power which may be resisted - against which Foucault began to struggle in the last few years of his life. Of course, in opposing discourse-analysis in this way we should not ourselves re-duplicate the very reductionism with which we are charging both pre- and post-Althusserians. To propose distinct dimensions - knower/known, concept/real, subject/object - is not to imagine that there exist necessary, one-to-one relations between them. But it is to argue that eliminating such dimensions only establishes - discursively, no doubt - a vulgar anti-Marxism.

Now, these objections to discourse-analysis are not universally applicable. Michel Pêcheux (1982), for example, allows for discursive formations which are rooted within ideological



formations containing both discursive and non-discursive practices. They are, however, applicable to Hirst and Hindess. The work of theirs to which I have referred came after a period of unrelenting Maoism and before a (longer) period of unrelenting reformism. Perhaps, as so often, the most fervent believers in Marxism are those destined to become its most fervent, born-again, critics.

How, then, may we establish a theory of ideology which is much more subtle than the one which Althusser reacted against, without slipping into the crudities and passivities of discourse-analysis? Althusser, himself, offers a model worth adapting to our purposes. He was entirely correct to reject any suggestion of a strong, direct correspondence between reality and concept, referent and sign. The trouble is, he goes too far in abandoning the possibility of referring to a world out-there. So what if we return to the familiar, realist notion of ideology, except that now we are more sceptical about the possibility of representing and knowing the world (cf. Woodiwiss, 1990)? We refer to a real world out-there, though we can never be certain how accurate our representations of it are. This expresses a sceptical realism without falling into the cynicism of much discourse-analysis. The trouble with the classical theory of ideology was that it treated ideas and propositions as pictures of the external world. Like the early Wittgenstein it saw nothing problematic in this. But if, like the later Wittgenstein, we should now be far more sceptical and modest then perhaps the way in which the world is represented to us is more dependent upon the concepts we use to describe it than we were once willing to admit. This would not be to ditch realism - since I am still assuming a real world out-there about which we have some knowledge - but it would be to avoid the charge, often thrown against realism, of assuming that the world as it is in-itself is immediately accessible to our thought processes.

So, instead of believing with Althusser that we have uninhibited access to concepts which represent the process of scientific reasoning, we are left with heuristic, contested concepts which we articulate to ourselves through discourse, but which refer ideologically to a world out-there, ideology being this attempt to represent a real world, an attempt about which we should nevertheless be sceptical. On the reading of post-Althusserians freedom, for instance, is a signifier whose meaning alters according to which discursive formation it happens to be located within at any one time.



On my reading, the meaning of freedom is discursive - since the concept is used, and used differently, by both Left and Right - but arguments over meaning matter in the first place precisely because they refer us back to an extra-discursive realm. This realm is not only one within which objects exist and interact - this the discourse-analyst is happy to acknowledge - it is one within which events themselves shape what we can say about them. Several interpretations may be articulated but, inevitably, some will be more accurate, because more representative, than others.

For instance, the war in Vietnam was a war of American imperialism far more than it was a war against communist imperialism. A homeless person signifies a lack of equitable distribution of resources and not a lack of responsibility and self-reliance - even though certain individuals may be culpable. And conversely, just to prove I am not rationalizing a Left perspective, Stalin's Soviet Russia was totalitarian and not a socialist paradise in the making. The welfare state has institutionalized much poverty in a way that many social democrats have only reluctantly, and belatedly, come to recognize.

Now, because we are referring to a world we can never be sure is being represented accurately, this extra-discursive realm can only be appropriated through a leap from the concept to the real, a leap which is an act of faith, a leap into the dark - since we may be wrong, ours might be the interpretation which is wrong this time around no matter how faithfully we believe in it. But if the leap is not made, if we imagine with Althusser that concepts are all, then intellectual activity becomes little more than a description of what already is, and not a debate over what ought to be, i.e. discourse-analysis comes onto the scene and promptly eschews normative debate. Politics, on my reading, is not something which is either reducible to economics or which reduces economics to itself. On the contrary, politics is the assumption of indeterminacy (Abercrombie et al, 1983). It is that which maintains the irreducibility of the sign, of the signifier and signified, and so permits the sign to reach outwards towards the real. It is this 'reaching out' which I refer to as *ideological*: an ideology is politics in action. And *ideologies*, such as the ones I am employing in this research, are the differing forms which, at this point in history, articulate this process of 'reaching out'. An ideology is that which is continually making a leap of faith, a story

which we tell ourselves about the world in order to understand it, and alter it, a little more.

In summary, there are five elements to this more modest, realist theory of ideology:

- 1) We should not collapse oppositions as discourse-analysis and post-structuralism wishes us to. We should preserve the non-identities of subject/object, sign/referent, knower/known;
- 2) However, we should not make the old mistake of imagining that there are unproblematic, one-to-one, causal relations between these terms. The linguistic turn of the twentieth century is to be welcomed;
- 3) So we approach ideology-critique in an attitude of scepticism and reflexivity without expecting that the world out-there is ever represented to us transparently;
- 4) However, such scepticism should not collapse into cynicism and we should never cease to effect reconciliations between the above terms. This is how we illuminate the world and mediate between it and ourselves to effect change consistent with our differing notions of justice. The necessity of reconciliation between ourselves and the world, and the inevitability of only partial success, is what I call a leap of faith.
- 5) An ideology is this leap of faith. A political procedure through which we come to have partial understandings of the world. But, obviously, there are multiple and conflicting 'leaps' and therefore multiple and conflicting ideologies, which all refer to the same world and represent it in some way - sometimes accurately, sometimes not - though we can never be sure which is the most representative at any one time. And not only, therefore, do we seek to understand the world through this leap of faith but the ideology to which we attach ourselves is also such a leap, only partly forced on us by socio-economic circumstances.

In sum: ideologies are the stories which we must tell ourselves about the world. That there is a world independent of, and shaping, our representations of it is certain. But which representations are accurate at any one time and which means of representing the world are the most successful is entirely problematic. On the one hand, I am agreeing with John B. Thompson (1990, 5-11) when he characterizes ideology as "meaning in the service of power." The world of referents consists of specific power relations and discourse-analysis is in



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