

IN PRAISE OF UNIVERSALITY: BASIC INCOME AND GRACE

In this article, I argue that Christians should consider seriously the proposal to replace social security benefits and income tax reliefs with a basic income scheme

Forgiveness

Ten years ago, I came across a Shaftesbury Project paper by theologian Haddon Willmer (1) which introduced the, to me, novel idea that forgiveness is not so much a personal act or whim, but a structure. He argues that when people live together with a reasonable degree of amicableness, as most of us do, it is not because we are particularly nice people but because we are daily forgiving one another. There is more forgiveness around than most of us realise; if there were not, society would blow apart. Forgiveness, far from being a purely private matter between two individuals or a utopian concept for a society of saints, is the very ordinary basis of families, of local communities, of society itself.

A second point he makes is that forgiveness is not a response to repentance; rather, repentance is a response to forgiveness. "Unless there is a credible offer or promise of forgiveness, repentance has no power because it reaches into a void instead of into a real new and better future." As Christians, we believe that our repentance reaches out to the pre-existing forgiveness of God. Children sooner or later come to learn that forgiveness by parents is not magically caused by the child saying sorry, but that saying sorry is possible because of the basic acceptance and forgiveness with which parents surround children. Even in a community or a nation, a credible offer of acceptance and

forgiveness has to exist if there is to flourish the basic trust that enables politics to occur. If I did not know I would be forgiven for ordinary mistakes, then I would never have joined the committee of my local community association, and certainly no politician would go into parliament!

Another way of exploring the same thing is through the biblical doctrine of salvation. Understandably, people like to feel they have earned their own place in the sun. We humans like to congratulate ourselves for the good things that happen to us, and blame someone or something else (God, environment, society, genes, etc.) for the bad things. Religious people often like to believe that if they get to heaven it is in some measure due to their own good deeds. However, one of the major themes of the Bible, strongly restated at the Reformation, is the unpopular idea that salvation derives ultimately not from our own good deeds, nor even from our repentance for bad deeds, but from God's pre-existing love and forgiveness, in a word from God's grace.

Both assumptions, works and grace, are embodied within social structures.(2) Consider the vote. Until a hundred years or so ago, it was assumed that the only citizens fit to vote and rule the British people were those who had proved their fitness - by being born into the right class and gender, or by having accumulated property. Those who did not have such qualifications could not be trusted to vote, still less become elected representatives. This view was overthrown, with considerable resistance at the time, but now we accept that it is better to trust everyone to use their vote responsibly, even if they have no CSE's, no money, or happen to be 'emotional women'. We have structured in a kind of forgiveness, grace, acceptance, whatever you want to call it, as the basis

for political life. Other nations, such as South Africa, consider this foolhardy and continue with the old idea that you need qualifications to vote.

### Guilt

Willmer notes that a nation that hangs together because of this kind of mundane everyday forgiveness, may also hang together because of hatred for an outside enemy. In times of war we may see massive solidarity within a nation as internal differences are forgotten in face of the common foe. The Falklands War is a recent example. Many nations, however, try to cohere through identification of 'an enemy within'. Willmer was influenced by the writings of Bonhoeffer, who in turn was trying to understand what was happening in the Germany of the Nazi period. Lest we write this off as an aberration we must remember that in this century 150 - 200 million human beings have died through mass extermination, usually by fellow citizens of their own country.

So, just as forgiveness can be structured into society, so <sup>resentment and</sup> can/guilt. Members of these scapegoated groups find themselves constitutionally guilty, guilty even before they have done a thing. We do not have to look very far within our own nation to find just this process operating. Patriarchy operates on just this principle, with a self-righteous group (men) writing rules in which women can never win. Millions of women find guilt structured into their experience; they know that whether they go out to work or choose to stay home to look after their children they will feel guilty. They can do nothing right. The unemployed feel similarly: if they seek work, they may well blame themselves

when they don't get the job they seek; if they give up they are made to feel guilty as scroungers.

### Economic citizenship

It is often said that money is one of today's idols. I think that is something of an oversimplification, but <sup>it</sup> is certainly true that money buys security, prestige, self-esteem and other emotional and even spiritual goods as well as material goods. Money that I have myself earned is particularly efficacious in boosting self-image. It is striking that the 55% of British citizens who do not themselves earn make up a pretty accurate list of those with little social status: housewives, the elderly, children, the sick and disabled, the unemployed, students. It would seem that to a certain extent a sense of worth is not automatically granted British citizens but literally has to be earned through earning money.

This surely is at the root of much dissatisfaction today. Not least because of our Judaeo-Christian heritage, we believe that each human being is of equal dignity, yet we find in our own nation that not all citizens are accorded equal dignity. Although we have for some decades through the universal franchise granted full membership of the polity to all adult citizens, millions still suffer the effects of being barred full membership of the economy. Many women feel that their lack of financial independence has made them beggars in relation to either their husband or the state, and they are therefore dependent on his or its goodwill. Pensioners are often denied active participation in a social life in which nothing is free any more. In a society in which work

brings money bring worth, many young people find they cannot grow up into adult responsibilities because there are no paid jobs for them when they leave school.

It is indeed the unemployed, young or otherwise, who increasingly feel excluded from the life the rest of us take for granted. Increasingly, in the names of cost efficiency and 'targetting', social security has shifted from contributory benefits payable as of right toward reliance on means-tested social assistance (supplementary benefit, housing benefit, and from 1988 income support). We all benefit financially in some direct way from the state, but most of the unemployed benefit under different moral terms than those of us who earn. They have to apply for social assistance, a kind of help reserved for those who cannot cope by themselves. Many of the rest of us automatically receive child benefit, with no suggestion of stigma. Middle class mothers in Bath where I live show no shame in popping along to the post office to cash their child benefit, while just along the road unemployed, but otherwise model, citizens feel ashamed and humiliated to be seen entering the supplementary benefit office. Or, whereas most of the unemployed have to beg for social assistance, the employed automatically receive a whole range of personal tax allowances and reliefs against mortgage interest, private pension payments, life insurance and so on. Whereas claimants have to prove themselves worthy of social assistance, taxpayers are automatically entitled to reliefs and allowances.

More than other European countries, there is deep within British history and British personality a gulf, economic and moral, between the worthy and the unworthy. The moral aspect of this

gulf was attacked in the Beveridge plan which aimed to cover virtually everyone through earnings-funded social insurance, and this worked reasonably well in the consensus years of full employment in the 1950's and '60s. The moral gulf re-emerged with popular accusations against 'scroungers' in the 1970's (3), and is now being reaffirmed with the trend away from social insurance towards social assistance.

The structural guilt into which the poor, and particularly the unemployed, are thrown is abhorred by the left, by older-style 'one nation' Tories, and by social democrats. Some politicians, economists, churchmen and others from all these political persuasions, and indeed also some from the new right, are showing new interest in an old idea - the social dividend, now usually called 'basic income'.

#### Basic income

If the problem of structural guilt is compounded by moral distinctions of worth both within the social security system, and between the social security and taxation systems, then one reform worth exploring is clearly the integration of the two systems. After all, tax reliefs and welfare benefits both aim to reduce poverty, help with housing costs and help with the cost of children and dependents, so why discriminate between those being helped simply on the grounds of whether they have a paid job? There are various ways of integrating tax and social security, of which basic income is only one. So what is special about basic income?

The key is that a basic income is paid to all citizens as individuals, irrespective of gender, income or employment. This is different from Beveridge-style social insurance in which

benefits are paid only to those barred from the world of employment (sick, disabled, elderly, unemployed, women giving birth). It is different from negative income tax in which payment is on the basis of low income (housing benefit is a negative income tax, as are the schemes proposed by the SDP Alliance and by Andrew Dilnot and his colleagues at the Institute for Fiscal Studies (4).) A basic income would give each man, woman and child, as individuals, an independent income sufficient to meet basic living costs, an income that is not conditional on other income or the lack of it, on willingness to work, or on gender. Basic income puts everyone - man and woman, husband and wife, employed and unemployed, able-bodied and those with a disability - on the same footing vis-a-vis state income support. By not letting tax and social security regulations unduly advantage one party, it would lay the basis not only for healing the antagonism between employed and unemployed to which I have referred, but also remove state-induced inequalities as husbands and wives, employers and employees, able-bodied and disabled respectively bargain how they are to live and work together. (5)

How would basic income operate? It would replace all tax allowances and reliefs on the one hand, and all social security payments on the other. For taxpayers, therefore, it would replace tax allowances and reliefs; income tax would be paid on every pound earned, and basic income subtracted from the tax bill. The wage slip would therefore read: EARNINGS minus (INCOME TAX minus BASIC INCOME). For non-earners, it would be paid by a regular cheque.

In practice, a pure basic income sufficient to meet living costs would not work in the UK, neither now nor in the foreseeable

Basic Income Guarantee 1(a) PROPOSED BASIC INCOMES, UK 1984-5

State earnings related pension and all income tax reliefs abolished. Starting rate of new income tax is 40%. National insurance contributions are abolished. New 10% employers' payroll tax.

CATEGORY	POPULATION NUMBERS +	BASIC INCOMES	
		Weekly rate	Annual cost
	m	£	£b
UNIVERSAL BASIC INCOMES			
Each adult	44.0	21.50	49.1
Each child (0-15) years	12.3	15.00	9.6
BASIC INCOME SUPPLEMENTS *			
Each householder	19.9	-	-
Each expectant mother	0.7	15.00 <sup>Ⓢ</sup>	0.3
Each widow/widower	0.3	21.50 <sup>Ⓢ</sup>	0.2
Each lone parent	0.9	12.50(?)	0.6
Each person aged:-			
65 - 84	7.8	27.50	11.1
85 and over	0.6	32.50	1.0
Each invalid or handicapped person under 65	0.9(?)	27.50	1.3
DISABILITY COSTS ALLOWANCE	?	variable	2.0
			<u>75.2</u>

PLUS INCOME TESTED HOUSING BENEFIT

Approx. £7 + rent + rates (local taxes), somewhat less for household headed by an over-65.

No mortgage interest would be payable with housing benefit. New mortgagees would be expected to take out insurance against loss of earnings as part of the Building Society contract.

+ 1982-3.

\* Added to universal basic incomes.

Ⓢ For six months only.

future. The main economic problem is the very same problem which plagued Beveridge: highly variable housing costs. A basic income pitched high enough to enable someone with a disability and a mortgage to live in the West End of London would leave the school-leaver in Hartlepool in unimagined luxury, and would probably cost more than the gross national income. The basic income schemes that have been costed (6), therefore, are for partial basic incomes, supplemented by some other kind of assistance, and there are many possible permutations.

If / <sup>any tax/benefit</sup> reform is to be taken seriously in the UK, it must be revenue neutral in the sense that it must not cost more than the present total of social security benefits and tax reliefs and allowances (currently about £80m in sum). In the table, I describe just one of several schemes proposed for the UK by Hermione Parker. This particular scheme excludes housing costs from the basic income, and provides for this through a means-tested housing benefit (in other words a negative income tax); and it provides basic income supplements for those who cannot themselves supplement their basic income, namely the aged and those with disabilities.

I will now briefly describe some aspects of basic income. Since any viable scheme will provide only a partial basic income, the degree to which any actual scheme would approximate the aspects to be described will depend on how near to a full basic income the particular scheme is.

#### Equality and freedom

In education and health care, the welfare state assumes equality to be a prerequisite of freedom. Only if all children receive a good basic education and good health care will there

be true freedom for all to flourish as adults, not least in the labour market. Indeed, in the USA universal free education is seen as the sine qua non of a free and thriving capitalism in which merit finds its reward.

When it comes to income support, however, the welfare state in western democracies reverses this philosophy. The starting point is a free labour market, with income support as a safety net to even out any gross resulting inequalities (or in Germany, to perpetuate into old age the inequalities of adult labour). This may have worked reasonably well for a few decades, but it has manifestly now broken down. The problem is that, with increasing affluence, the minimum safety net has been continually raised. Since the last war, old age pensions have doubled in real value, and no one, not even the hardest of hard Righters, would tolerate cutting back to the level of forty years ago. Needs, real needs, expand with affluence, yet there will always be some jobs of low productivity, paying little. The inevitable result is that, as many of the unemployed know, they will be little better off if they take a job than if they stay on benefit. Prof. Patrick Minford is correct to say that they are both rational and caring toward their families if they stay on the dole. The result is that many jobs simply do not get done because they pay a market wage below the level of social security benefits. The results are legion: hostility from ill-paid taxpayers who resent funding the idle, disillusion by unemployed people who had once taken a pride in supporting their families by their own efforts, and massive unemployment.

If my focus is the hostility and lack of forgiveness that this system engenders, others have - rightly - focussed on the

no longer have a social security system that partially equalises inequalities thrown up by a free labour market, but a social security system that has for the bottom half of wages destroyed the free labour market. There is now a strong argument that income support should join education and health and place equality before freedom; only then can we have a measure of both equality and freedom in the labour market and beyond into personal and political life.

This is precisely what basic income offers.(7) Basic income guarantees subsistence, so wages are freed to reflect the market value of labour. No longer need workers press for 'a family wage' sufficient for the subsistence of themselves and their families, thus attempting to push some wages above what the market will bear. Instead, the market wage for the job will always be an improvement on subsistence, always financially attractive to the worker, and any job that can offer a wage will find willing workers. If it cannot, then clearly terms and conditions are inadequate, and will have to be improved.

Trade unions may well find this too revolutionary to stomach. I have outlined elsewhere (8) the potential benefits for unions and for workers, and will here mention only one. The households that have most to gain under any basic income scheme are those which include low paid workers, the group unions claim to be most concerned about. No longer is anyone placed in the invidious position of having to choose between social assistance and losing that social assistance in return for taking a badly paid job. Everyone will be able to build on their basic income.

Others may find something else too revolutionary: the supplementing of the right to work with the right not to work.

But paradoxically it is precisely the right not to work that gives teeth to the currently toothless right to work. Basic income provides a right not to work, which gives the worker the same right as the capitalist, and thus is a radical step toward both the freeing and the equalising of the labour/capital relationship. (9) At present, we have three or four million individuals who seek paid work yet have none; at the same time, I would hazard a guess that we have perhaps as many (say 15% of those in employment) who have paid work but would give up tomorrow and pursue some unpaid interest if only they could afford to. Giving them the right to do this, as basic income does, would release millions of jobs for the unemployed. Of course, in the short run they may not be the same jobs that the unemployed could take up, but the potential for freeing our ossified system is nevertheless manifest. (10)

Thomas Jefferson believed that a free-speaking democracy was possible only when each household was guaranteed its own subsistence. His <sup>vision of the</sup> free and just society, premised on the land-owning small farming household, was an echo of the Jubilee system of the Old Testament in which it was understood that without the economic security of land each household was prone to exploitation and disintegration. The problem democracy faces today is that few hold land, a prospect Jefferson feared. The paid job has proved a poorer guarantor than land of the security and freedom of each household and its members. Frankly, we have not yet found in our industrial age an adequate substitute for the Jeffersonian/Hebraic smallholding. The wage has certainly not proved a reliable substitute in an age of unemployment and in an age in which for demographic reasons many more find themselves too old or too young to command a wage. The basic income may prove the best our age can offer in the spirit of Jubilee

and Jefferson; it could well provide a basic economic security and equality on the basis of which freedom and democracy, citizenship and forgiveness, can flourish.

#### Work incentives

One of the common objections to basic income is the gut reaction that nobody would want to work again. Clearly, any 'structure of grace' (11) such as the universal vote or basic income runs the risk that people may abuse it. Objectors, however, tend to imagine how other people would behave. But consider whether you yourself would give up paid work if the scheme outlined in my table operated. I suspect you would say you'd continue paid work. There is a smaller chance you'd say you'd give up work to pursue some other interest you believe to be of value (education, charitable work, hobbies, parenthood, etc.) And I'd wager a considerable sum that you would not consider sitting on your bum doing nothing for the rest of your life. Why then do you think (you may not think, in which case I apologise) that some people would? How are they different from you?

Indeed as I have suggested, one of the major arguments for basic income is that, by freeing the labour market, it could well generate many more jobs in the low paid sector, jobs that do not carry the risk of personal economic ruin as they currently do. Of course, we cannot predict that would happen. It would all depend on the precise details of the particular scheme adopted. It would be wise, were basic income implemented, to proceed as recommended by a Dutch report - 'slowly and incrementally, monitoring the labour market and other effects as we go' (12).

#### Targetting

Paradoxically, a universal basic income can be designed that is far more effective in getting income to the very poorest individuals in our society than are selective proposals that have 'targetting' as one of their main aims. The problem with 'targetted' reforms such as Mr. Fowler's is that many people in need do not claim selective and means-tested benefits because of the stigma attached to them. They do not wish to enter a relationship in which they are constitutionally guilty. The problem with 'targetted' negative income tax proposals of the type advocated by the IFS is that they have to take the household rather than the individual as the basic unit. (13) Although negative income tax can target money at the poorest households, there is no guarantee the money will reach the poorest individuals within those households, and there is mounting evidence that mal-distribution of resources within households is a major cause of poverty. (14)

Further, while uniting tax and social security, negative income tax nevertheless institutionalises the means-test for the poor. Because needs do not conveniently wait till April 6th before changing, negative income tax schemes will not be as automatic and painless as some advocates suppose, and it is not at all clear that they will end the stigma, the structural guilt, of the poor. Since a full basic income scheme is not possible, any practical partial basic income will have to be supplemented, perhaps (as in the table) by a means-tested housing benefit or negative income tax. But the aim would be to minimise means-testing, not to institutionalise it.

#### Prospects

In this article, I have sketched some of the thinking that led me, as a Christian, to consider basic income. I have not

mentioned some of the reasons that have persuaded other people; others I have merely hinted at. I have discussed eight major arguments for basic income in a forthcoming book Basic Income: the reasons why, to be published early in 1988. Technical details of various options have been published elsewhere. (15)

What then are the prospects for basic income? The crisis of legitimation that the welfare state is currently enduring has caused many to consider reform, not least in the area of income support. A problem with most proposed reforms of social security is that they do not resolve the way in which ever-increasing benefit levels gum up the labour market. The only two proposals which tackle this are negative income tax and basic income, both of which remove people from the invidious choice between either paid work or income support. That is, I believe, why these two proposals are receiving considerable attention at the present time from those desiring thorough-going reforms. Personally I believe basic income has the edge, technically because it automatically goes to the poorest individuals in a way which negative income tax does not, and ethically because it structures in the forgiveness upon which any healthy society rests.

The sums certainly add up for a viable partial basic income scheme, indeed for several such schemes. The problem is not economic ("can we afford it?") but political ("do we want to afford it?"), specifically "are we willing and able to give up all tax reliefs?" The cost of a good partial basic income scheme is not that the basic rate of tax <sup>would</sup> be higher than now (it need not be) but that people (including pension funds, building societies and civil servants) <sup>would have to</sup> give up their tax reliefs and allow them to be replaced by a basic income that they share equally with their

#### FURTHER INFORMATION

For further information on basic income, write to the author at 15 Southcot Place, Lyncombe Hill, Bath BA2 4PE (tel. 0225-314833) or to Basic Income Research Group, 26 Bedford Square, London WC1. BIRG is a cross-party, cross-discipline group devoted to discovering whether a basic income is feasible in the UK, and invites any who share this aim to subscribe to the twice yearly BIRG Bulletin. A major conference, reporting on BIRG's findings of the past two years, will be held in London on Saturday, 4th April 1987. There is also a seminar on Friday afternoon, 8th May, on "Rights and Responsibilities", at the LSE. Further details about both these events can be obtained from the author or from BIRG.

The best book I have come across on the subject from a Christian point of view is not specifically about basic income and is now twenty years old, but it is well worth reading and is currently on sale at remainder prices at the London Institute for Contemporary Christianity, St. Peter's Church, Vere Street, London W1M 9HP. It is Philip Wogaman, Guaranteed Annual Income: the moral issues, Nashville, Abingdon Press, 1968. I have surveyed the alternatives to basic income in Fair Shares: an ethical guide to tax and social security reform, Edinburgh, Handsel Press, 1985.

Notes

1. Haddon Willmer, "Towards a Theology of Politics", Nottingham, Shaftesbury Project, 1976; also "The Politics of Forgiveness", The Furrow, April 1979.
2. J.A. Walter, "Salvation and Work", Faith and Thought, 106, 1979, pp.135-150.
3. P. Golding & S. Middleton, Images of Welfare, Oxford, Martin Robertson, 1982.
4. SDF, Merging Tax and Benefits, 1986; SDF/Liberal Alliance, Partnership for Progress, 1986, pp.47-9; A.W. Dilnot et al, The Reform of Social Security, Oxford University Press 1984.
5. For further exploration of this, see Bill Jordan, The State, Oxford, Blackwell, 1985; Rethinking Welfare, Blackwell, 1987.
6. See E. Parker, Action on Welfare, London, Social Affairs Unit, 1984; Instead of the Dole, forthcoming; and for Holland, Netherlands Scientific Council for Government Policy, Safeguarding Social Security, 2 Plein 1813, The Hague, 1985. English & Dutch editions, free.
7. K. Roberts, Automation, Unemployment and the Distribution of Income, Maastricht, European Centre for Work and Society, 1982.
8. Basic Income: The Reasons Why, London, Marion Boyars, 1988.
9. R. van der Veen & F. Van Parijs, "A Capitalist Road to Communism", Theory and Society, 15, Sept. 1986.
10. This idea is expanded in my Hope on the Dole, London, SPCK, 1985.
11. Tony Walter, "The Politics of Grace", Third Way, November 1986.
12. Netherland Scientific Council, op. cit.
13. Dilnot et al, op. cit., pp.109-112.
14. Jan Pahl, Social Security, Taxation and Family Financial Arrangements, BIRG Bulletin, 5, Spring 1986, pp.2-4.
15. See note 6, and the BIRG Bulletin, especially Nos. 3 & 4.

ANDREW DILNOTRESPONSE TO TONY WALTER'S ARTICLE

Social Security is widely believed to be 'another British failure'. Around half of the individuals in the UK receive some form of social security benefit: total expenditure on social security exceeds total income tax revenue. Yet our inner cities contain scenes of grinding poverty and degradation which shock Christian and non-Christian alike. Clearly something needs to be done and it is encouraging to see Christians participating in the debate.

When faced with the demand for a Christian response to the problems of poverty and social security, it seems that we can divide the task into two sections. First, and probably the most difficult, of bringing biblical and theological material to bear on the problem. One would hope to emerge from such an exercise with a view of the implications of Christianity for the structure of society, particularly for the treatment of those with inadequate incomes to support themselves. The crucial issue here seems to be the nature of freedom, equality and perhaps property. Having constructed a set of goals, one would proceed to use the tools of economic analysis to design a set of structures which would best hope to achieve them. It is of course not only possible, but likely, that a number of different structures would be available which might achieve the aims. We should not always expect Christianity to give us THE answer to achieving particular economic or political goals.

Unfortunately, I do not have the space to consider in detail the biblical and doctrinal material which is relevant here, nor indeed the confidence of a fully worked out argument. However, I suspect Tony Walter and I would largely agree on a number of crucial points. First it is clear that we are all created equal in the sight of God, and any social or economic structure which denies that must be open to criticism. Second, that the standard of living afforded by the social security system to some of those who receive benefits is inadequate. Third, that current