

2016

Journal of Sociology & Social Welfare Vol. 43, No. 3 (September 2016)

Follow this and additional works at: <https://scholarworks.wmich.edu/jssw>



Part of the Social Work Commons

Recommended Citation

(2016) "Journal of Sociology & Social Welfare Vol. 43, No. 3 (September 2016)," *The Journal of Sociology & Social Welfare*: Vol. 43: Iss. 3, Article 1.

DOI: <https://doi.org/10.15453/0191-5096.4024>

Available at: <https://scholarworks.wmich.edu/jssw/vol43/iss3/1>

This Complete Issue is brought to you by the Western Michigan University School of Social Work. For more information, please contact wmu-scholarworks@wmich.edu.





Journal of Sociology & Social Welfare

VOLUME XLIII
NUMBER 3
September, 2016

JOURNAL OF SOCIOLOGY & SOCIAL WELFARE

Volume XLIII September, 2016 Number 3

Symposium on The Basic Income Guarantee

*Richard K. Caputo and Michael Lewis,
Special Editors*

INTRODUCTION TO THE SYMPOSIUM

Richard K. Caputo and Michael Lewis 3

REIMAGINING EQUITY AND EGALITARIANISM: THE BASIC INCOME DEBATE IN AUSTRALIA

Jennifer Mays and Greg Marston 9

NEXT STEPS ON THE ROAD TO BASIC INCOME IN CANADA

James P. Mulvale and Sid Frankel 27

PROSPECTS FOR A UNIVERSAL BASIC INCOME IN NEW ZEALAND

Keith Rankin 51

LESSONS FROM SWEDEN: SOLIDARITY, THE WELFARE STATE, AND BASIC INCOME

Almaz Zelleke 73

BASIC INCOME GUARANTEE: THE GENDER IMPACT WITHIN HOUSEHOLDS

Sara Cantillon and Caitlin McLean 99

This ends the Symposium on The Basic Income Guarantee

SUSU: CAPITALIZING DEVELOPMENT FROM THE BOTTOM UP

*David Stoesz, Isabella Gitau, Richard Rodriguez, and Frank
Thompson* 121

FRIENDS OR FOES: THE IMPACT OF POLITICAL
IDEOLOGY AND IMMIGRANT FRIENDS ON
ANTI-IMMIGRANT SENTIMENT
Elizabeth Kiehne and Cecilia Ayón 135

THE BURDEN OF COLONIAL DEBT AND
INDEBTEDNESS IN SECOND GENERATION
FILIPINO AMERICAN FAMILIES
Maria J. Ferrera 155

BOOK REVIEWS

*Prisoners of Reason: Game Theory and Neoliberal Political
Economy.*
S. M. Amadae.
Reviewed by James Midgley. 179

*Queer Excursions: Retheorizing Binaries in Language, Gender
and Sexuality.*
Lal Zimman, Jenny Davis and Joshua Raclaw (Eds.).
Reviewed by Sherri Shimansky. 181

*Black Male Violence In Perspective: Toward Afrocentric
Intervention.*
P. Tony Jackson.
Reviewed by Husain Lateef. 183

*Life In and Against the Odds: Debts of Freedom and the
Speculative Roots of U.S. Culture.*
Heidi Hoechst.
Reviewed by Cindy Vang. 185

The Dynamic Welfare State.
David Stoesz.
Review by Daniel Liechty. 187

Introduction to the Symposium on The Basic Income Guarantee

RICHARD K. CAPUTO

Wurzweiler School of Social Work
Yeshiva University

MICHAEL LEWIS

School of Social Work
Hunter College, City University of New York

The political fortunes and policy merits of universal basic income guarantee, or BIG as it is more popularly known, are having a resurgence in several industrialized countries, including those presented in this symposium. Perhaps as no surprise, the notable absence in any meaningful sense is the United States, though one senses a renewed energy at international forums such as the North American Basic Income Guarantee (NABIG), which comprises Canada and the United States and which recently held their 15th meeting on May 12-15, 2016 at the University of Manitoba, Winnipeg, Manitoba, Canada, and the Basic Income Earth Network (BIEN, formerly the Basic Income European Network), which has been holding biannual congresses since 1986. There has also been some attention in the U.S. paid to BIG by those in the tech industry. This seems to be out of concern for how increasing automation is likely to destroy jobs, forcing a rethinking of a social welfare system grounded on the assumptions that most "able-bodied" people will get most of their income most of the time from selling their labor.

Although the idea of BIG and a variety of related policy proposals have been around since the 1700s, its political traction has waxed and waned over time (Caputo, 2012). Brazil

remains the only country to date to adopt BIG legislation, though unfunded, preferring to pass and implement the Bolsa Familia Program which provided cash transfers to low-income parents upon the condition that their children attended school (Suplicy, 2012). The contemporary resurgence in BIG is in part driven by the tech-related service sectors of the economy, which over time are seen as generating fewer jobs available for people to occupy, in general, and fewer well-paying jobs, in particular (e.g., Manjoo, 2016; Wartzman, 2015). In one Oxford University study estimate, for example, about 47% of the total U.S. employment is at risk due to computerization (Frey & Osborne, 2013), a prognosis that has worked its way and brought a BIG solution with it into popular culture (Brain, 2012) and into some feminist (Schulevitz, 2016) and labor union (Stern, 2016) circles. Y Combinatore, a finance company for start-ups, announced that it would give 100 families in Oakland between \$1,000 to \$2,000 a month for a period of six to twelve months unconditionally as a basic income pilot program (Coren, 2016; Quinn, 2016). Capitalizing on the renewed interest in the idea of a basic income guarantee in the U.S., even libertarian Charles Murray (2016) has updated *In Our Hands: A Plan to Replace the Welfare State*, detailing his plan to provide a universal cash grant of \$10,000, which he self-admitted had no possibility of being adopted at the time of its original publication in 2006. The renewed resurgence has also brought with it a fair share of criticism (Greenstein, 2016; Porter, 2016).

Three of the five articles in this symposium discuss how basic income guarantee proposals fare in Australia, Canada, and New Zealand. One focuses on whether a Swedish style welfare state, as some Progressives prefer, or a basic income is more feasible in the U.S., given its socio-political context. The fifth paper provides a feminist perspective.

Mays and Marston examine basic income within the context of Australia's welfare state arrangements and explore the potential of the scheme to respond to economic insecurity, particularly precarious employment and poverty traps created by a highly-targeted social security system. They position basic income as a challenge to neoliberal economic orthodoxy that has dominated Australian thinking about the role

of the welfare state over the past several decades. Mays and Marston stress the emancipatory effects of basic income, severing wage-based employment as the *sine qua non* of individual worth and well-being.

Mulvale and Frankel present several arguments for adopting basic income guarantee in Canada, including the cost of poverty and poverty reduction, the benefits of equality, as a response to a relatively jobless future, and ecological sustainability. They provide the historical backdrop of discussions about adopting basic income in Canada, including the Manitoba Basic Guaranteed Annual Income Experiment (known as Mincome), a detailed analysis of which is contributing to contemporary discussions. Mulvale and Frankel see the election of a new Liberal federal government under Prime Minister Justin Trudeau in 2015 as a welcome change from that of the Conservative government of Prime Minister Stephen Harper, who was elected to a minority government in 2006 and 2008, and to a majority government in 2011. They highlight efforts by the Ontario government to join with others to establish a pilot project for basic income.

Rankin shows how New Zealand is ideally situated through its tax structure to adopt an unconditional basic income. He reviews the history of New Zealand as a laboratory for progressive fiscal and social reforms. He calls for a return to universal-equity-based approaches to public welfare in the spirit of the 1938-84 era in New Zealand, redressing the undeniable distributional problems characteristic of later twentieth and early twenty-first century market-based capitalism. For Rankin, given the current tax structure and universal pension and family benefits in New Zealand, establishing a UBI is essentially an accounting exercise (33 percent proportional tax, \$175 per week credit). Perceptions and politics are different matters. In New Zealand, Universal Basic Income is widely understood as representing both a minimum and a maximum level of publicly-sourced income payable to citizens. So long as this belief remains, Rankin contends, the chances of a UBI being introduced in New Zealand are close to zero. With New Zealand's history of universal welfare (pensions, family benefits) and the simplicity of its tax code, Rankin shows how a marriage of productivity growth and public equity concepts

of universal basic income might address immediate distributional challenges.

Zelleke examines contemporary threats to the Swedish Model of the welfare state in light of the increased diversity of its population. She draws lessons that might be applied to the case for a basic income in the U.S. and other large and diverse nations or regions. Zelleke shows how the more blatant redistributionism of a basic income—exactly the thing that leads many skeptics to believe it could not possibly succeed in the U.S.—might be the key that leads to a more durable and sustainable foundation for egalitarian welfare states than the Swedish Model. Drawing on the work of Piketty (2014), whose research suggested declining returns to employment and increasing returns to capital, Zelleke suggests that the Swedish Model may have outlived its usefulness as a model for other nations to emulate. She argues that true and enduring economic equality will require the redistribution of capital, as well as income and benefits in kind, either through the socialization of capital through public ownership, or through a system of universal dividends. A universal, unconditional, and individual basic income is not the only way to provide citizens with economic security, but in the American context, with its particular social, political, and economic history, it seems likelier than the successful implementation of a comprehensive, solidaristic, and universalistic welfare state like Sweden's.

Finally, Cantillon and McLean examine the role a basic income guarantee might play in achieving gender equality. They specifically focus how basic income guarantee would affect intra-household inequalities in material or financial welfare; economic autonomy; psychological well-being; and time allocation, especially leisure time and time spent in household and care work. Cantillon and McLean also present findings from empirical work on intra-household allocation and decision-making which underscore the role of independent income. They found some support for basic income guarantee as a feminist proposal with respect to mitigating intra-household inequality, while cautioning that empirical research was needed to support arguments for basic income guarantee as an instrument for furthering gender equality.

We write these lines just after Swiss voters decided against

adopting a basic income in that society. Although about 23% of Swiss voters supported the initiative, an overwhelming approximately 77% opposed it. For those who support basic income, this may appear to be bad news. Switzerland is arguably one of the more progressive states in the world when it comes to the structure of its social welfare system. If the proposal can't make it there, then arguably it has no chance of making it in the likes of the U.S. and similar countries. But we should be careful about coming too quickly to this conclusion.

It may be that countries with more robust welfare states are also more difficult places to attain a basic income, because there may be more worry in such countries about a basic income disrupting relatively generous status quos. If this line of thinking has any merit, it may be that a less generous welfare state, like the U.S., has a better chance of seeing a successful basic income effort than a more generous one like Switzerland. Only time will tell.

References

- Brain, M. (2012). *Manna: Two visions of humanity's future*. Retrieved from <http://marshallbrain.com/manna.htm>
- Caputo, R. K. (Ed.). (2012). *Basic income guarantee and politics: International experiences and perspectives on the viability of income guarantee*. New York: Palgrave Macmillan.
- Coren, M. J. (2016, June 1). Y Combinator is running a basic income experiment with 100 Oakland families. *QUARTZ*. Retrieved from <http://qz.com/696377/y-combinator-is-running-a-basic-income-experiment-with-100-oakland-families/>
- Frey, C. B., & Osborne, M. A. (2013). *The future of employment: How susceptible are jobs to computerisation?* Retrieved from http://www.oxfordmartin.ox.ac.uk/downloads/academic/The_Future_of_Employment.pdf
- Greenstein, B. (2016, May 31). Commentary: Universal basic income may sound attractive but, if it occurred, would likelier increase poverty than reduce it. *Policy Futures*. Washington, DC: Center on Budget and Policy Priorities. Retrieved from <http://www.cbpp.org/sites/default/files/atoms/files/5-31-16bud.pdf>
- Manjoo, F. (2016, March 2). A plan in case robots take the jobs: Give everyone a paycheck. *The New York Times*, p. B1ff. Retrieved from <http://www.nytimes.com/2016/03/03/technology/plan-to-fight-robot-invasion-at-work-give-everyone-a-paycheck.html>

- Murray, C. (2016). *In our hands: A plan to replace the welfare state*. Washington, DC: AEI Press.
- Piketty, T. (2014). *Capital in the twenty-first century*. Cambridge, MA: The Belknap Press of the Harvard University Press.
- Porter, E. (2016, June 1). A universal basic income is a poor tool to fight poverty. *The New York Times*, pp. B1, B4. Retrieved from <http://www.nytimes.com/2016/06/01/business/economy/universal-basic-income-poverty.html?ref=todayspaper>
- Quinn, M. (2016, June 1). What would you do if you were given a 'basic income'? Y Combinator wants to know. *siliconbeat*. Retrieved from <http://www.siliconbeat.com/2016/06/01/y-combinators-basic-income-creates-buzz/>
- Schulevitz, J. (2016, January 10). It's payback time for women. *The New York Times*, SR1ff. Retrieved from http://www.nytimes.com/2016/01/10/opinion/sunday/payback-time-for-women.html?_r=1
- Stern, A. (with Kravetz, L.). (2016). *Raising the floor: How a universal basic income can renew our economy and rebuild the American dream*. New York: PublicAffairs Books.
- Suplicy, E. (2012). The best income transfer program for modern economies. In R. K. Caputo (Ed.), *Basic income guarantee and politics: International experiences and perspectives on the viability of income guarantee* (pp. 42-53). New York: Palgrave Macmillan.
- Wartzman, R. (2015). Start-up CEO loves tech but fears millions will be jobless. *Fortune*. Retrieved May 30, 2016 from <http://fortune.com/2015/11/14/zipcar-co-founder-tech-basic-income/>

Reimagining Equity and Egalitarianism: The Basic Income Debate in Australia

JENNIFER MAYS

GREG MARSTON

School of Public Health and Social Work
Queensland University of Technology

Reimagining equity and egalitarianism calls for rethinking traditional welfare responses to poverty and economic security in Australia. Similar to other advanced Western democracies, Australia has pursued policies underpinned by neoliberal economics in an effort to curtail perceived excesses in public expenditure over the past three decades. In response to these policy settings, commentators and policy activists have increased their attention to the potential of a universal and unconditional basic income scheme to address economic insecurity. This paper positions basic income within the context of Australia's welfare state arrangements and explores the potential of the scheme to respond to economic insecurity, particularly precarious employment and poverty traps created by a highly targeted social security system.

Key words: social policy; basic income; egalitarianism; neoliberalism; poverty

The persistence of poverty, increased income inequality within wealthy countries, and greater economic insecurity associated with labor market restructuring and automation has spawned new interest in basic income proposals. This article responds to the call for reimagining a just society where a universal basic income scheme helps to mitigate risks (risks inherent in the life course such as precarious employment, disability and illness, natural disasters), and shocks or hazards (including the global economic downturn, global warming and natural disasters) (Standing, 2009). In these circumstances, households and individuals are exposed to a high level of economic insecurity and uncertainty, which in turn impacts their capacity to

Journal of Sociology & Social Welfare, September 2016, Volume XLIII, Number 3

sustain an adequate livelihood. Economic security and equality are necessary conditions for freedom and a just society. An egalitarian society suggests inclusive income support is available for all and is established as a right, rather than grounded in deserving and undeserving poor ideals. Equity in the redistribution of wealth includes upholding social rights and justice, particularly in terms of collective benefit (Farely, 1999). Reimagining equity in Australia along the lines of inclusive and just income support policy, as opposed to neoliberal policies, is possible within the realm of a basic income scheme.

This article explores the historical dimensions and more contemporary global influences shaping the Australian policy landscape and the current positioning of basic income debates to understand the potential for the introduction of a basic income scheme in Australia. Recently, the Australian polity has shown some renewed interest in basic income amongst social justice advocates and policy commentators, which has sparked debates about the political likelihood of introducing such a scheme. The contours of this debate will be explored here, looking at both contemporary and historical influences.

A Spotlight on Australia's Income Support Policy Trajectory

Federation in 1901 saw the union of six British colonies under the newly established Australian Commonwealth. Federation marked the period of time in which Australia became an independent nation and was afforded power to govern in its own right. The newly enacted Commonwealth of Australia Constitution Act (1900) provided the Commonwealth with the statutory power to enact the invalid and old-age pensions paid to people with disabilities and older persons (Daniels, 2004). The invalid and old-aged pensions were the first national approach to the provision of income support. Prior to this, the provision of invalid and old-age pensions rested within the realm of the individual states (New South Wales, Victoria and Queensland). The Chifley Labor Government, which came to power in 1945, enacted significant changes to the provision of social security. The time of Prime Minister Chifley and the Labor Government heralded the introduction of

expansionist policies for extending the coverage of the needs-based income support entitlement system, via social security (Mays, 2015a). Greater emphasis was placed on full employment policies as the means for producing a strong economy (Mendes, 2003). Similarly, during the early 1970s, the Whitlam Labor Government pursued full-employment policies in which unemployment benefits were paid to those persons deemed to be unemployed (Tomlinson, 2000, 2007).

However, since the mid-1970s, there has been a move away from policies which pursue full-employment to reducing unemployment to at least 4-5% (Taphouse, 2001). Unemployment benefits were scaled back and tighter eligibility restrictions were applied to the benefit. Social protection became associated with genuine need and an earned right (Mendes, 2003). The Fraser Government policies increased regulations and unemployment benefit recipients were subject to work tests (Mendes, 2003; Stilwell, 2002). Successive governments since the 1980s have similarly abandoned the idea of full employment, instead turning to neoliberalism as the panacea for responding to unemployment levels, poverty and economic growth (Stilwell, 2002).

Modern conceptions of the Australian welfare state couch the model in terms of the liberal welfare regime, given the strong preference for a residual safety net of highly-targeted income support payments and a punitive approach to governing poverty (Esping-Andersen, 2000). The archetypal example purporting high levels of commodification is closely aligned to the models of the United States of America, Canada and the United Kingdom (Esping-Andersen, 2000). Australia is similarly characterized by high levels of market-based provision, poverty and long-term unemployment. Other scholars have suggested that the characterization of the Australian welfare state as 'liberal' downplays some unique characteristics and that it is more accurate to talk about Australia as having developed a "wage earner's welfare state" (Castles, 1985). The notion of a wage earner's welfare state emphasizes the central role given to high minimum wages in redistribution, a generous social wage, and a robust system of industrial rights. These aspects were supported by the substantial use of protective tariffs to bolster wage levels in

manufacturing, urban service, and a strong concern with the regulation of labor supply through controlled migration (Castles, 1994). In large part, wage policy substituted for social policy in both Australia and New Zealand. This model of social protection worked well for many citizens during much of the twentieth century, but certainly not for all. Critical accounts of the wage earner's welfare state have emphasized that this model of redistribution was only ever a partial victory for the working classes, given that it both indirectly and directly excluded women, people with disabilities, and Indigenous citizens from these benefits (Bryson, 1992). Many of these same citizens with a precarious attachment to the labor market made some gains during the 1960s and early 1970s as workplace discrimination was challenged, but then they fell behind again, as the connection between education and employment tightened in the 1980s and 1990s, and the responsibility for managing life risks such as unemployment, sickness, disability, and old age were further individualized (Marston, Moss, & Quiggin, 2010).

The so-called 'welfare settlement' (Smyth, 1994) of the postwar period between socialism and capitalism was weakening at the close of the twentieth century, particularly as big business no longer had to rely on any one individual government to supply a workforce. Companies could choose to locate their manufacturing base offshore where labor could be sourced more cheaply. While capital became more mobile, labor—at least non-professional labor—remained much more constrained by time and space as economic globalization gained pace.

Australia is a country that has been subject to a host of globalizing forces, particularly the fast flows of capital across national borders and a transformation of monetary and fiscal policy in light of the discrediting of Keynesian economic principles and policies during the mid to late 1970s. However, like other advanced economies, the joint impact of technical change and the internationalization of markets made it increasingly difficult for the economy of Australia to generate a sufficient number of jobs that were profitable, while providing those who held these jobs with a decent wage (Smyth, 1994).

Australia has witnessed a decline in secure full-time employment, and greater casualisation of jobs, with almost 40

percent of paid employment in Australia being of a casual nature (Australian Bureau of Statistics, 2014). A casual job is one where the hours for the employee can vary from week to week, so there are no set hours of work and there are none of the conditions that part-time workers and full-time workers have, such as sick leave and recreation leave. Research has shown that casual jobs are associated with low levels of training, poor career opportunities and adverse occupational health and safety outcomes (Marston, McDonald, & Bryson, 2014). Despite a changing labor market, the income support system for those without sufficient employment is still based on outdated assumptions that unemployment is a temporary phenomenon (Fraser, 2010). The income support system benefits paid by governments remains inadequate in the face of low wages, deregulated markets and high inflation (Mays, 2015a). Whiteford's (2011) recent study indicates that since 1996, social security payments in Australia for the single unemployed have fallen from 23.5 percent of the average wage for males to 19.5 percent. The unemployment benefit in Australia is the Newstart Allowance, which is a taxable payment and is subject to stringent income and assets tests, together with work activity requirements (Mays, 2015a). The level of Newstart for a single person has also fallen from around 54 percent to 45 percent of the after-tax minimum wage.

Labor market changes have been accompanied by a pejorative discourse since the mid-1990s towards the income support beneficiaries of the welfare state. In broad terms, a structural understanding of unemployment has been replaced by the idea where the problem of unemployment is understood as the problem of the unemployed (Marston et al., 2014). The late 1990s saw the introduction of welfare reforms by the government addressing unemployment and poverty through coercive means. The new approach, akin to workfare in the United States of America, was known officially as "mutual obligation" policies where the unemployed had to meet activation and administration requirements in order to continue to receive unemployment benefits. If they failed to do so, they faced a financial penalty in the form of a reduced payment. The "activation" test is an activity and participation requirement representing conditional participation in low-waged

or unpaid work and labor market training (Marston et al., 2014). If a recipient was deemed to be in breach of a "mutual obligation" activity, then a period of non-payment resulted. The underlying rationale of these penalty procedures comprised assumptions that non-payment periods were a protective mechanism intended to prevent or deter against further breaching and engender individual self-reliance (Marston et al., 2014). However, the social security legislation stipulated that breaches only result from failing activity test or administrative requirements if "no reasonable excuse" was provided (Mays, 2012). The difficulty of this clause was determining what actually constituted a reasonable excuse for breaching an activity, especially as the recipient was compelled to undertake prescribed mutual obligation activities.

Underpinning the Commonwealth Government's standpoint in the 1990s was the interaction between conservative and neoliberal ideologies that purported the need to further address the perceived high numbers of welfare recipients and inadequacies of the system. Policy speeches and documents, media articles and policy practice focused on individual deficiencies and behavioral change rather than changes to the social and structural conditions (Mays, 2015a). Such discourses had a profound effect by perpetuating a coherent world view which suggested that unemployment resulted from individual causes alone. Yet the "culture of poverty" theory ignored the reality that increases in income support recipient numbers originated from labor market policies favoring economic gains, deregulation, fiscal austerity and downsizing, over social objectives and full employment (Mays, 2015). This then leaves little room for counter arguments that offer an alternative. Highly "targeted" income support policies denote notions that recipients have provided no real contribution to the workforce, and income assistance is provided because of their so-called inability to work or access employment (Tomlinson, 2000). The basic income scheme offers an alternative to the existing system in the form of an unconditional grant that is paid by the government to all permanent residents at regular periods.

Basic Income in Australia: The Debate so Far

Basic income in Australia attracted political attention in

early parliamentary debates, with universal rights and security introduced onto the political agenda during the 1900s, 1930s-1950s. Australia's early history suggests that there was some exploration of the basic income proposal. For example, in the 1930s in Australia, political advocates highlighted the desire for a universal payment for older persons. Parliamentary documents during this time are replete with references to the debates on universal income support and rights. In effect, the universal proposal was not taken up due to political concerns of cost and the feasibility of introducing universal measures (Kewley, 1980). In parliamentary debates, economic considerations and the need for incentives tended to counter any suggestion for the introduction of universal proposals (Kewley, 1980). Fiscal priorities and incentive arguments challenged the universal policy discourse.

Most notably, it was the Henderson Poverty Report 1975 that is the most prominent explicit reference to a basic income scheme in response to poverty. Professor Ronald Henderson, in the early 1970s, used principles of universalism to develop the Henderson Policy Line, a comprehensive and useful poverty measurement tool (Commonwealth of Australia, 1975a, 1975b, 1975c). The poverty measurement tool generated a connection between the extent of poverty, income levels and primary problems (such as inadequate job opportunities and income support levels). A corresponding measurement tool was also designed to help decision-making around setting of income support levels. The report was highly contentious, given that for the first time in Australia poverty was measured according to relative need and actual level of disposable income, and this was expressed in monetary terms. Yet, Henderson's contribution was significant, given the innovation of the conceptual framework and the call for a guaranteed minimum income deriving from tax revenue (Commonwealth of Australia, 1975a, 1975b). In response to Henderson's work, the Whitlam Labor Government, elected in 1972, explored the feasibility of income support based on social and economic rights in the form of a guaranteed minimum income (Saunders [SPRC], 2005). However, the Whitlam Government was removed from power in 1975, and with it went any political momentum for implementing an unconditional basic income in Australia in the 20th century.

At the start of the 21st century, there has been a revisiting of the arguments for and against a basic income in Australia, which in part has been spurred on by local economic conditions and an inadequate income support system, as well as the global social movements calling on the need for an unconditional basic income in response to global poverty and climate change. In wealthy countries, such as Australia, a basic income would be less radical than it first appears, since it would mean consolidating many existing transfer schemes and replacing others that are riddled with complexity and arbitrary and discretionary conditionality (Standing, 2011).

Recent policy discussions, media articles and research papers have reinvigorated proposals for basic income in Australia. Marston (2015) in his article in *Arena Magazine* and *The Sydney Morning Herald* (White, 2015) and similarly Mays' (2015b) radio interview on ABC during International Basic Income Week (Australian Broadcasting Corporation [ABC], Annie Gaffney's Program on Friday 18 September, 2015) served to advocate for and raise awareness around the feasibility of basic income. Notably, these media reports present basic income as a valid alternative to the Australian targeted income-support system. An online opinion piece on the Australian Broadcasting Corporation's (ABC) show "Religion and Ethics" by Thomas Wells (Thursday, July 17, 2014), advocated for a universal basic income (UBI) based on the crisis of capitalism and the robot economy.

Basic Income Australia formed in 2015 and is made up of a range of individuals and citizens from all walks of life. One of the aims of the group is for the introduction of a universal basic income in Australia by 2025. There are also other groups running Facebook campaigns and petitions for the introduction of basic income trials in Australia. This level of activity provides an indication of the renewed interest in civil society for basic income. It is unclear whether any of the political parties in Australia will take up the cause. The Australian Greens have a commitment to a basic income in their political platform, but they have so far not been very public in their support for the scheme. With the proposal gaining momentum nationally and globally, Australia is uniquely positioned to contribute to debates about the merits of such a scheme.

What will be needed is a greater degree of sophistication in the debate.

Arguing about the Costs and Benefits of a Basic Income

Basic income runs counter to dominant neoliberal approaches to meeting social needs (Raventós, 2007) and welfare paternalism on the part of the state. Any call for income support provisions that are sustained by an egalitarian society contains ethical justifications. The ethical pursuit of a universal, unconditional, and inclusive income support provision (basic income) available for all permanent citizens contains a moral commitment for collective benefit, progressive taxation, and transparency toward an inclusive and socially just income support provision (Raventós, 2007). A basic income is basic in the sense that it is intended to provide every citizen (rich or poor) a decent standard of living through the provision of a tax-free payment set at a modest rate and without any means test or work requirement attached to the payment (Birnbaum, 2012). Two of the first questions that get asked about basic income are: at what rate should it be set? and is it affordable? These questions are often asked whenever the topic comes up in Australian media or commentary. Most studies suggest that it is important to consider national capacity and context; suffice it to say that the rate at which the payment is made should be able to recast the relationship between labor and capital and the commodification of everyday life. Calls for a basic income need to specify a move away from the argument that remunerated work is the only necessary condition that produces material wealth and well-being. These arguments fail to account for other socially and economically valued occupations that are unpaid, such as volunteer work or household duties (Gorz, 2010).

It is the unconditional characteristic of basic income that allows for other activities, which contribute to making a good society, to be acknowledged and valued. Often it is the unmeasurable that provides richness and opportunity. To quote Andre Gorz (2010) on how a basic income frees the production of the self from economic valorization and enables full development of persons: "Only the capacities that exceed any

productive functionality ... render a society capable of posing questions about the changes going on within it and imprinting a meaning on them" (p. 28). In this sense, basic income only becomes a critique of the dominance of labor when it is: (1) set at a sufficient level to enable a sufficient standard of living independent of dependence on paid labor; and (2) that it neither demands nor remunerates anything. Payment of the grant would be to individuals, rather than family units (Standing, 2002, 2011, 2014; Van Parijs, 1997, 2001, 2007) and could be made in either monthly or fortnightly installments. Depending on available resources, a basic income could also be paid to children, at a reduced rate. The basic income would be non-taxed, it would be retained regardless of how much is earned through labor, and all earned income would be taxed at the standard rate. If the state wanted to limit the amount going to those with the most affluent incomes, it could rake it back through higher taxes on higher incomes and closing tax loopholes that allow the very wealthy to minimize their taxable income. The introduction of a basic income and equitable reform of the tax system go hand in hand. The usual objection is that the introduction of a basic income would discourage paid employment and encourage "idleness."

The idea of a basic income tends to generate intense debates with criticism in social policy and political landscapes. Feasibility and affordability arguments deride basic income schemes as leading to higher inflation or creating worklessness. These criticisms have been subject to numerous counter arguments in the basic-income literature (Arcarons, Raventós, & Torrens Mèlich, 2014). In essence, these arguments reflect competing conceptions of human behavior and what moves people to act. Basic income advocates would argue that the grant provides a means for professions and occupations rather than simply work. Proponents of a basic income, such as Guy Standing (2011), argue that:

The vast majority would not be content to live off just a basic income. They want to work and are excited by the possibility of improving their material and social living. To hound a tiny majority for their laziness is a sign of our weakness, not our merit. (p. 174)

Yet, this is precisely what social security systems in Australia do. The social security policies are based on the small percentage of people that are perceived to be "abusing the system." A disproportionate amount of resources are devoted to detecting and prosecuting so called "welfare fraud," as compared with detecting and prosecuting individual tax fraud.

In contrast, a basic income deviates from the well-trodden path in Australia of "targeting" social security benefits. The features of social justice underpinning the proposal makes the basic income approach emancipatory in nature, in that it transforms not only income-support systems, but also other social institutions around care, education, and leisure. The psychological effects of an unconditional and universal grant cannot be underestimated. The literature is replete with examples of the negative consequences on well-being and sense of self, self-identity, and personhood surrounding behavioral conditionality and increased targeting of welfare recipients (Marston et al., 2014).

Welfare recipients over time have been subject to repeated negative associations with receiving a pension or benefit, such as being known as dole-bludgers, malingerers and being workshy. Negative constructions heighten the vulnerability of already vulnerable groups, which often have limited bargaining power or access to full-time, secure, and generously remunerated positions. Attaching a moral value and ethic to paid work subscribes to a narrow productivist conception. As well noted in other studies, this is not a new phenomenon, as it dates back to the English Poor Laws of the 1600s and 1800s. Similarly, de Gurando's *On Public Charity*, 1839, (cited in Goodin, 2001) work centered on idleness and the expectation that citizens with capacity would not remain idle:

When an able-bodied pauper is not employed, or when he [sic] is not employed to his full capacity, he must be given help in the form of work, and only in that form. ... If society must assist the unfortunate, it owes nothing to the idle. The pauper who refuses work he is able to do, when that work is offered to him, has no right to receive as aid what he could have derived from his labour. (p. 189)

In this extract, a connection is formed between productive and nonproductive citizens such that policies should embed incentives to prevent idleness. Work is organized around the capitalist principles of productivity, self-reliance and profit maximization. Any group outside of the labor market is excluded and marginalized. As Katz (1989) argues, "contempt for the poor and support for capitalism have always gone hand in hand, when people are measured by how much they produce, then those who are seen as producing little or nothing are judged the harshest of all" (p. 136). Therefore, understanding the way the income support system is situated within the broader political economy of the welfare state is critical in the call for a basic income.

The unconditional nature of basic income means that there are no behavioral conditions or classifications attached to the income-support provision. Rather, what is perpetuated is the idea of personhood and livelihood, which promote positive social, political, economic, cultural, and psychological effects. Those minority groups positioned at the lower end of income distribution (such as people with disabilities, younger people, Aboriginal or Torres Strait Islander people, culturally and linguistically diverse people, and women) can receive some form of support that is free from stigma, classification and moral distinctions about "deserving" versus "underserving poor." This ethical justification as a philosophical foundation of basic income is just as important as the economic dimension and the amelioration of poverty and inequality. The ethical basis forms the underpinning conception of a "good society," which is one that is concerned with the fair distribution of burdens and benefits within that society.

A basic income does not respond to all of society's problems in relation to social protection. A useful way to think about the universal approach to income support is to view basic income as part of the package. Basic income provides one way forward from social protection debates and policy responses burdened by neoliberal philosophy. As such, the basic income proposal provides Australia with the potential for a "better way" forward from the neoliberal trends that have dominated the countries' political boundaries during the past four decades. Basic income is counter to the neoliberal

tendencies in social protection policies which emphasize cost cutting and market models (Standing, 2011). Any design, implementation, and monitoring of a basic income requires forging alliances between scholars, activists, policy-makers, and politicians of varying persuasions to present a united front for reform. Popular support among a broad coalition of interests for a basic income derives from the fact that it would address poverty and stigma simultaneously. It treats people equally, helps limit inequality, and increases collective solidarity through risk pooling. Therefore, redressing the consequence of policy and income support does not preclude the need for other social policies such as health, disability, housing and education. An augmented approach that is part of public policy and political deliberations is necessary.

Conclusion

Politicians, academics, and policy activists are confronted with large and complex policy problems (such as climate change and economic insecurity) requiring a new way of thinking about income support for economic security. Policy studies (Mays, 2012, 2015a; Tomlinson, 1987, 1989) have detailed the range of political obstacles that function to prevent the implementation of a basic income in Australia. As noted, globally and nationally, poverty gaps and inequalities are widening, rather than closing (Drakeford & Davidson, 2013; Saunders & Wong, 2013). As an alternative redistributive strategy, the basic income proposal plays a role nationally and globally in transforming inequalities (Ackerman, Alstott, & Van Parijs, 2012). For Australia, basic income offers a strategy to challenge neoliberal approaches to the existing social security regimes (Raventós, 2007). Increased attention has been paid to the basic income proposal in international policy spheres following the global financial crisis. This increased attention has provided the impetus for further exploring the feasibility of the basic income proposal in Australian public and political discourse (Richardson, 2013).

The conditions at the start of the 21st century are favorable for Australia to make significant contributions to the basic income proposal debate. Reimagining equity argues for a

return to egalitarianism through basic income as a redistributive strategy that redresses income inequality and poverty consequences (Wilkinson & Pickett, 2009). The right to a decent income and access to resources is central to living a good life and is especially critical for vulnerable groups such as people in poverty, children and young people, single parents, and people with disabilities. The politics within a single nation will ultimately determine the way a basic income model is implemented. Transitioning to a basic income requires strategic planning to ensure it is introduced as an unconditional citizenship right (Standing, 2011, 2014). Reimagining equity and egalitarianism seeks to conceptualize the relevance of the basic income grant relative to the Australian welfare state. Considering the social, political, and economic feasibility of the basic income scheme is one way forward, as is framing topical issues relevant to contemporary basic income debates.

There is an urgent need to explore the potential of basic income to forge a new public policy synergy and alliances between different progressive social movements. For advocates of basic income, identifying where the efforts needed to be concentrated during such a transition is critical, as is strengthening the profile of basic income on the political agenda. Uniquely positioning the basic income proposal within the context of Australia, we have proposed a return to egalitarianism through basic income as a redistributive strategy that redresses income and status inequality and poverty consequences (Wilkinson & Pickett, 2009). The right to a decent income and access to adequate resources is central to living a good life and is especially critical for vulnerable groups such as people in poverty, children and young people, single parents, and people with disabilities. Proposing a new redistributive strategy based on equality and egalitarianism represents a major public policy challenge. Yet, it is time to embrace boldness in thought and policy action. Business as usual is not an option if we are to address major public policy challenges such as poverty and climate change.

References

- Ackerman, B., Alstott, A., & Van Parijs, P. (2012). *Redesigning distribution: Basic income and stakeholder grants as cornerstones for an egalitarian capitalism* (The Real Utopias Project). London: Verso.

- Arcarons, J., Raventós, D. P., & Torrens Mèlich, L. (2014). Feasibility of financing a basic income. *Basic Income Studies*, 9(1-2), 79-93. doi: 10.1515/bis-2014-0005.
- Australian Bureau of Statistics. (2014, July). *Australian labour market statistics* (cat. no. 6105.0). Canberra, ACT: ABS. Retrieved from <http://www.abs.gov.au/>.
- Birnbaum, S. (2012). *Basic income reconsidered: Social justice, liberalism, and the demands of equality*. (Exploring the Basic Income Palgrave Macmillan Series). New York: Palgrave Macmillan.
- Bryson, L. (1992). *Welfare and the state: Who benefits?* London: Macmillan.
- Castles, F. G. (1985). *The working class and welfare*. Sydney, NSW: Allen & Unwin.
- Castles, F. G. (1994). The wage earners welfare state revisited. *Australian Journal of Social Issues*, 29(2), 120-145.
- Commonwealth of Australia. (1975a). Australian Government's Commission of Inquiry into Poverty: Poverty in Australia Vol. 1. *Henderson Poverty Report*. Canberra, ACT: Commonwealth Government Printer. Retrieved from <http://www.big.qut.edu.au>.
- Commonwealth of Australia. (1975b). Australian Government's Commission of Inquiry into Poverty: Poverty in Australia Vol. 2. *Henderson Poverty Report*. Canberra, ACT: Commonwealth Government Printer. Retrieved from <http://www.big.qut.edu.au>.
- Commonwealth of Australia. (1975c). *Possibilities for social welfare in Australia*. Canberra, ACT: Commonwealth Government Printer. Retrieved from <http://www.big.qut.edu.au>.
- Daniels, D. (2004). *Social security payments for the aged, people with disabilities and carers 1909 to 2004, Part 1*. Retrieved from <http://www.aph.gov.au/library/>
- Drakeford, M., & Davidson, K. (2013). Going from bad to worse? Social policy and the demise of the social fund. *Critical Social Policy*, 33(3), 365-383. doi:10.1177/0261018312471164.
- Esping-Andersen, G. (2000). Three worlds of welfare capitalism. In C. Pierson and F. G. Castles (Eds.), *The welfare state: A reader* (pp. 154-169). Cambridge, UK: Polity Press.
- Farely, C. (1999). Justice and a citizen's basic income. *Journal of Applied Philosophy*, 16(3), 283-296.
- Fraser, N. (2010). *Scales of justice: Reimagining political space in a globalizing world*. New York: Columbia University Press.
- Goodin, R. (2001). False principles of welfare reform. *Australian Journal of Social Issues*, 36(3), 182-206.
- Gorz, A. (2010). *The immaterial*. London: Seagull Books.
- Katz, M. (1989). *The underserving poor: From the war on poverty to the war on welfare*. New York: Pantheon.
- Kewley, T. H. (1980). *Australian Social Security today: Major developments from 1900 to 1978*. Sydney, NSW: Sydney University Press.

- Marston, G. (2015). Unconditional basic income: A welfare system for a warming twenty-first century? *Arena Magazine*, 138(Oct/Nov), 5-7.
- Marston, G., McDonald, C., & Bryson, L. (2014). *The Australian welfare state: Who benefits now?* South Yarra, VIC: Palgrave Macmillan.
- Marston, G., Moss, J., & Quiggin, J. (2010). Introduction: Shifting risk? In G. Marston, J. Moss, and J. Quiggin (Eds.), *Risk, welfare and work* (pp. ix-xvi). Melbourne, VIC: Melbourne University Press.
- Mays, J. M. (2012). *Australia's disabling income support system: Tracing the history of the Australian disability income support system 1908 to 2007—Disablism, citizenship and the basic income proposal* (Unpublished doctoral dissertation). Queensland University of Technology, Brisbane.
- Mays, J. M. (2015a). Countering disablism: An alternative universal income support system based on egalitarianism. *Scandinavian Journal of Disability Research*, 18(2), 106-117.
- Mays, J. M. (2015b, September 18). *Basic income and Basic Income Week* [Radio Interview]. Sunshine Coast, QLD: ABC Radio.
- Mendes, P. (2003, June). Australian neoliberal think tanks and the backlash against the welfare state. *Journal of Australian Political Economy*, 51, 29-56.
- Raventós, D. (2007). *Basic income: The material conditions of freedom* (J. Wark, Trans.). London: Pluto Press.
- Richardson, S. O. (2013). Entitlement reform: From tangled web to safety net. *Basic Income Studies*, 8(1), 105-137. doi:10.1515/bis2013-0001.
- Saunders, P. [SPRC]. (2005). *The poverty wars: Reconnecting research with reality*. Sydney, NSW: UNSW Press.
- Saunders, P., & Wong, M. (2013, Winter). Examining Australian attitudes to inequality and redistribution. *Journal of Australian Political Economy*, 71, 51-75.
- Smyth, P. (1994). *Australian social policy: The Keynesian chapter*. Sydney, NSW: UNSW Press.
- Standing, G. (2002). *Beyond the new paternalism: Basic security as equality*. London: Verso.
- Standing, G. (2009). *Work after globalization: Building occupational citizenship*. Cheltenham: Edward Elgar Publishing Limited.
- Standing, G. (2011). *The precariat: The new dangerous class*. London: Bloomsbury.
- Standing, G. (2014). *A precariat charter: From denizens to citizens*. London: Bloomsbury.
- Stilwell, F. (2002). *Political economy: The contest of economic ideas*. South Melbourne, VIC: Oxford University Press.
- Taphouse, J. (2001, March). Money for nothing: The welfare state and the state of welfare. *Just Policy*, 21, 54-58.
- Tomlinson, J. (1987, Nov-Dec). Guaranteed minimum income: Obstacles to income guarantees. *ACTCOSS News*, 1-6.

- Tomlinson, J. (1989) *Income maintenance in Australia: The income guarantee alternative* (Unpublished doctoral dissertation). Murdoch University, Perth.
- Tomlinson, J. (2000). *Income insecurity: The basic income alternative*. Retrieved from <http://www.nla.gov.au/nla.arc-42199>.
- Tomlinson, J. (2007). Australia: Basic income and decency. *New Community Quarterly*, 5(1), 33-41.
- Van Parijs, P. (1997). *Real freedom for all: What (if anything) can justify capitalism?* Oxford: Oxford University Press.
- Van Parijs, P. (2001). *What's wrong with a free lunch?* Boston: Beacon Press.
- Van Parijs, P. (2007). International distributive justice. In R. E. Goodin, P. Pettit & T. Pogge (Eds.), *The Blackwell's Companion to political philosophy, Vol. II* (pp. 638-652). Oxford: Blackwell.
- Wells, T. (2014, July 17). The robot economy and the crisis of capitalism: Why we need universal basic income. *ABC Religion and Ethics*. Retrieved from <http://www.abc.net.au/religion/articles/2014/07/17/4048180.htm>.
- White, M. (2015, September 18). The robots are stealing our jobs: Could a basic income system save us? *The Sydney Morning Herald*. Retrieved from <http://www.smh.com.au>
- Whiteford, P. (2011, July 11). How fair is Australia's Welfare State. In *Inside Story*. [Television Broadcast]. Retrieved from <http://inside.org.au/howfair-is-australia%E2%80%99s-welfare-state/>
- Wilkinson, R., & Pickett, K. (2009). *The spirit level: Why more equal societies almost always do better*. London: Allen Lane.

Next Steps on the Road to Basic Income in Canada

JAMES P. MULVALE

SID FRANKEL

Faculty of Social Work
University of Manitoba

Canada has had recurring debates about guaranteed or basic income over several decades. This article outlines reasons for implementing basic income in the Canadian context—reducing poverty and inequality, addressing precarious employment, and building an ecologically sustainable economy. Recently there has been a strong renewal of interest in basic income in Canada. Expressions of interest have come from the Liberal federal government elected in 2015, from provincial governments, from political parties not in power, and from municipal governments. Support for basic income also is found in a growing range of prominent individuals and organizations. While basic income advocates are encouraged by recent developments, several large and complex questions remain on how this approach can be implemented in Canada. These questions encompass the specifics of design, delivery, funding, and political support. How can basic income build on existing income security programs and leave Canadians better off in the end? How can we ensure that basic income is not used as an excuse to cut vital services such as health care, social housing, early childhood care and development, and social services for those with disabilities and other challenges? How can basic income be set in place in Canada, given its complicated federal-provincial nexus of responsibility for, delivery of, and funding for social programs? The article concludes with principles that might help guide the implementation of authentically universal, adequate, and feasible basic income architecture in Canada.

Key words: basic income, guaranteed income, economic inequality, public policy, Canada

The goal of setting in place a system of guaranteed or basic income in Canada has cycled through social policy debates in

Journal of Sociology & Social Welfare, September 2016, Volume XLIII, Number 3

this country on a regular basis over the last five decades. This article makes the argument that receptivity to the basic income model is now at an all-time high in Canada, and that with well thought out policy design and sound political strategy it is now possible to make significant progress towards basic income architecture in Canada. This shift may be incremental and step-wise, but it has the potential to reshape Canadian social welfare in a profound way. It can move us away from assumptions of deserving versus undeserving poor and the 'less eligibility' principle built into current income support programs, and towards an economic security paradigm based on the principles of universality and unconditionality.

When tracing the history and status of the basic income debate in Canada, it is useful to recognize peculiarities of nomenclature in Canada. In English the term "guaranteed annual income" and the acronym "GAI" have often been used in discussions of an assured, minimal amount of money available to all that is provided by government. Variations on this term in Canadian parlance have included "guaranteed liveable income" or "guaranteed minimum income." In Canada's other official language of French, the term "revenu garanti" or "revenu de base" are most frequently used. In recent years the English term "basic income" has gained currency in conjunction with advocacy by the Basic Income Canada Network (BICN) for a "basic income guarantee." The French version of BICN's name is "Réseau canadien pour le revenu garanti", but in Québec the advocacy group formed there refers to itself as "Revenu de base Québec."

Arguments for an Adequate, Durable, Pan-Canadian Basic Income in Canada

The Cost of Poverty and Poverty Reduction Argument

The potential for a basic income to function as a key policy lever to reduce poverty forms one of the major arguments for its introduction. For example, Emery, Fleisch, and McIntyre (2013) argue that a basic income could help to achieve low rates of poverty among working age adults as it has among seniors. Effective poverty reduction among Canadian seniors is attributed to Old Age Security, a universal demogrant

(although a special surtax taxes it back from seniors with higher incomes), and to Guaranteed Income Supplement, a negative income tax. (Canada also has a social insurance-based contributory pension, the Canada/Quebec Pension Plan.) Their proposal involves extending Old Age Security and Guaranteed Income Supplement to all adults.

In Canada, three central rationales have been expressed in calling for poverty reduction through public policy. The first is moral (Varcoe, Pauly, Webster, & Storch, 2012), and the second relates to poverty reduction as a means to enhance human rights (Porter, 2014). The third rationale calls on a kind of enlightened self-interest, arguing that the indirect benefits of reducing poverty are universal through reducing the societal and public costs generated by poverty.

This cost of poverty argument was featured in the report of the Standing Senate Committee on Social Affairs, Science and Technology Sub-Committee on Cities (Senate of Canada, 2009) on poverty, housing and homelessness. The sub-committee relied heavily on a study sponsored by the Ontario Association of Food Banks (Laurie, 2008), which was guided by a blue ribbon panel of business economists and policy experts. This study estimated that the social cost of poverty for Canada was between \$24.4 billion and \$30.5 billion. This was dwarfed by private costs estimated at between \$48.1 billion and \$55.6 billion. Cost was conceptualized as including remedial costs related to poverty-related disease morbidity and crime, intergenerational costs related to the effects of low educational achievement by children raised in poverty, and opportunity costs related to foregone employment, income, and taxation revenues.

Advocacy for basic income as a poverty reduction measure has arisen in part because of evidence of the limited effectiveness of existing policy measures (Duclos, 2007), using both international and longitudinal comparators. For example, the UNICEF Office of Research (2013) reported that Canada ranked twenty-first among twenty-nine rich countries on relative child poverty rates (living in households with equivalent income below 50% of national median) in 2012. This same report reveals that Canada ranked thirteenth on a measure of the median depth of child poverty. This contributes to an

overall child well-being ranking of seventeenth.

Canada has no official poverty line, but using the relative Low Income Measure (living in families with equivalent after-tax income below 50% of national median), Campaign 2000 (2015) demonstrates that the child poverty rate was higher in 2013 (19.0%) than in 1989 (15.8%). Using this same measure, Statistics Canada (2015) reports that between 2000 and 2013, poverty for all persons has decreased only marginally (1.48 percentage points), from 16.06% to 14.58%.

The Benefits of Equality Argument

Compared to the poverty reduction argument for basic income, there is a much more disputed rationale that a basic income can play an important role in the policy architecture designed to decrease income and wealth inequality. However, this must be understood in the context that a basic income can establish an economic floor central to decreasing the rate of poverty, but cannot establish an economic ceiling, which is a necessary element in decreasing economic inequality (Casassas & De Wispelaere, 2012). Therefore, as Atkinson (2015) has recently argued, transfer payments (even universal and generous ones) are an insufficient policy lever to ameliorate economic inequality. This also requires intervention in the labor market, in the distribution of the benefits of technological change, in the distribution of capital, and in the progressivity of income taxation.

Nevertheless, income inequality is of significant and increasing concern in Canada because of the growth of inequality and its serious consequences. Heisz (2016) has recently demonstrated that after-tax income inequality exhibited a significant increase in the second half of the 1990s because of increasing inequality in market income, coupled with reductions in the equalizing effect of tax and transfer systems. Inequality was stabilized at this higher level in the 2000s.

Rising income inequality has been associated with serious consequences. The Conference Board of Canada (2016) argues that income inequality is a drag on economic growth. Wilkinson and Pickett (2009) demonstrate that high income inequality at the national level is associated with conflictual social relations, elevated rates of mental health problems,

decreased physical health status, increased rates of obesity, increased incarceration rates, lower educational attainment, less inter-generational mobility, and higher rates of teenage fertility. However, causal mechanisms have been disputed. Osberg (2013) raises concerns for democratic governance, as growing income inequality fosters increasing inequality in political influence.

However, those concerned about income inequality often do not fully support a basic income. Green, Riddell and St.-Hillaire (2016) argue against what they call a pure GAI scheme on the basis of the cost of an adequate guarantee and its work disincentive potential, but in favor of a multi-pronged approach incorporating many GAI features. These include provision of an income floor not conditioned on work status, and use of the personal income taxation system to claw back benefits as incomes rise. Atkinson (2015) favors a benefit conditioned on labor market participation rather than citizenship, because the latter would cover citizens living outside Canada and would exclude non-citizens resident and working in Canada. Corak (2013) also favors a basic income conditioned on work.

Basic Income as a Response to the Relatively Jobless Future

Basic income can set a 'floor' under all working age adults as a safeguard against economic hardship and a potential descent into poverty in a precarious labor market. This is especially important as galloping technological innovation decreases the number of paid jobs in general, including "good" jobs with relatively high remuneration, security, and intrinsic satisfaction. Authors such as Brynjolfsson and McAfee (2014) and Kaplan (2015) have put forth the general argument about a relatively jobless future in an IT-oriented society; it is worth noting that these writers call for basic income as part of the prescription for managing this fundamental transition. Todd (2015) draws attention to the work of labor economists who point to the reduction of work hours in a more automated economy. He argues for the need for basic income to ease this transition and underwrite future economic security; he also sees opportunities for us to lead more fulfilling lives in an "artisan" culture of voluntary social engagement and connection.

While job loss due to information technology and

automation must be managed, it can also be noted that levels of employment in Canada have always fluctuated due to our heavy economic dependence on resource extraction and the ups and downs of commodity prices on global markets. For instance, in late 2015, low oil prices and falling production in that sector were leading to a shedding of jobs in the Canadian labor market (CBC News, 2016).

Beyond the fossil fuel sector of the economy, there is ample evidence in Canada of the growing precarity of employment across the labor market. Not only is there job loss across the board (CBC News, 2015), but there is also a loss of high-paying jobs (Babad, 2015). McKenna (2016) cites the C. D. Howe Institute warning that "signs of weakness abound, including a growing share of people doing part-time and other 'precarious' work, a near-doubling of long-term unemployment since 2008, and diminishing medium-skilled jobs." (para. 4)

Lewchuk et al. (2013) made several key findings about the increasing tenuousness of employment in the Greater Toronto Area and Hamilton, including the following:

Precarious employment is increasing. Only 60% of GTA workers today have stable, secure jobs.

Precarious employment is widely distributed among social and income categories.

People in precarious employment earn less and face more uncertainty.

Precarious employment has harmful effects on individuals, families, and community life.

Precarious employment makes it more difficult to raise children. (p. 16)

The authors of this study point out the need for public policy to support workers in regard to adequacy of wages, union representation, employment standards, education and job training, and community supports for working people as antidotes to the precarity of employment. But their findings beg the question of whether such measures in and of themselves would be enough to address income insecurity due to

precarious employment. Perhaps it is time to set aside any lingering hope for a "full employment economy" as the centerpiece of economic security for most Canadians. What now may be required is for public policy makers (as well as citizens and politicians) to acknowledge the inevitability of a relatively jobless future in which a universal and adequate basic income is a necessary component in building a fair and inclusive political economy in Canada.

The Ecological Sustainability Argument

Much has been written over the years (Birnbbaum, 2009, provides a good overview) about the connections between the ecological imperative to lower consumption and decrease our carbon footprint as a prerequisite for environmental sustainability, and the necessity of having a basic income in place to ensure an economically secure and decent life for all. There was discussion in the previous section of the precarity of employment in the fossil fuel sector, tied as it is to global fluctuations in the price of oil, gas and coal. But there is also an absolute and urgent necessity to transition to a zero-carbon, authentically green and ecologically sustainable economy in order to slow global warming (Klein, 2014). Climate change and other ecological disasters (such as human overpopulation, pollution, habitat loss, and species extinction) can only be averted if we embrace and achieve a new paradigm of a steady state economy (including de-growth of ecologically economic destructive activities). The implications of such a paradigmatic shift include lower consumption in the wealthy nations, entirely renewable energy sources, and the primacy of caretaking (in our families, communities, and natural environments) over extraction and production. In such a transformed economy, basic income as a primary means of redistribution will be required to ensure personal and collective economic security (Mulvale, 2007).

Some Historical Background on the Discussion of Basic Income in Canada¹

One of the earliest manifestations of "basic income" in Canada arose in the depths of the Great Depression. The Social Credit Party, led by William Aberhart, was elected as the

government of the province of Alberta in 1935. That party's proposal to pay a "social credit" or regular dividend to all citizens never came to fruition, in part due to a lack of funds in the provincial treasury, but also because of the federal government's opposition to Aberhart's attempts to intrude into federal jurisdiction over currency and banking (Young & Mulvale, 2009, p. 12).

Broad political and public discussion about "guaranteed annual income" arose again in Canada in the late 1960s. The Economic Council of Canada (1968), a federally-funded crown corporation, noted the presence of poverty in Canada "on a much larger scale than most Canadians probably suspect" (p. 103). The idea of a guaranteed income emerged as one mechanism for addressing this newly acknowledged poverty. In 1967, the Guaranteed Income Supplement was introduced as a piece of the Old Age Security program as a measure to reduce poverty among seniors.

In 1971, the Special Committee on Poverty of the Senate of Canada (1971), chaired by Senator David Croll, recommended a guaranteed annual income financed and administered by the federal government. The Committee wrote that this proposal met three basic requirements: "it provides adequate income, it preserves the incentive to work, and it is fiscally possible" (p. x). The guaranteed annual income was an idea, the Committee wrote, "whose time had come." The proposed guaranteed income would cover all Canadian citizens "who need it" (but excluded those who were single, unattached, and under the age of 40), and was to take the form of a negative income tax. It would provide a guaranteed income of 70 per cent of the poverty lines set by the Committee and would be paired with a 70 percent reduction rate for each dollar of additional income earned. The cost of this proposal was a significant hurdle to its acceptance. As well, critics focused on the issue of inadequate work incentives and the reduction rate. Earnings would have to be well above the benefit level for significant income enhancement to occur through paid work. Despite the considerable interest generated by Croll's plan, it was never implemented (Senate of Canada, 1971, pp. 12-13).

In 1970, the Department of National Health and Welfare wrote that the idea of a guaranteed income as an

anti-poverty measure had potential, but needed further study and investigation. That same year, the Royal Commission on the Status of Women was established. The Commission recommended, among other things, that a "guaranteed annual income be paid by the federal government to the heads of all one-parent families with dependent children" (Young & Mulvale, 2009, p. 13). While arguing that a guaranteed annual income would benefit all Canadians, the report nonetheless recommended this initial targeting to single parents (specifically sole-support mothers) and delivery through a negative income tax scheme.

In 1973, a minority Liberal government initiated the Social Security Review, marked by the publication of the *Working Paper on Social Security in Canada* (Young & Mulvale, 2009). Known as the Orange Paper, the working paper argued for a two-tiered approach to social assistance, including a guaranteed annual income plan for those who could not work and an income supplement for the working poor. Ultimately, the review came to naught and folded in 1976. At this point, discussion of guaranteed income receded from the government agenda for some time. Two Canadian economists, Derek Hum and Wayne Simpson, argue that the late 1970s were marked by preoccupation with rising inflation, wage and price controls, and growing deficits, and were inhospitable to engagement with the notion of guaranteed income (Young & Mulvale, 2009). Advocacy for a guaranteed income program, however, was continued by a number of organizations inside the mainstream social policy community. For example, in 1976 the National Council of Welfare, an advisory body to the Minister of Health and Welfare, released its Guide to the Guaranteed Income (Young & Mulvale, 2009).

A very important legacy remains from this period. In 1974, a year after the start of the federal review of social security, the governments of Canada and Manitoba signed an agreement to begin a trial run of a basic income experiment. Later that year, the Manitoba Basic Guaranteed Annual Income Experiment (dubbed "Mincome") was launched. While initially envisioned by at least the Manitoba government as a simple and relatively inexpensive trial, Mincome evolved into a complicated experiment, with a focus on the issue of whether or not a guaranteed

income would be a disincentive to recipients engaging in paid labor. The Mincome project involved 1300 Manitoba families from both urban and rural communities. It distributed these families randomly between a number of different guaranteed income plans and a control group over a period of three years.

By 1979, the experiment was closed; there appeared to be little political support at any government level for a guaranteed income program. The project resulted in no official findings, and few results of the experiment were published at that time. Much of the data collected remain archived to this day. Hum and Simpson (2001) attribute this outcome to "mundane factors such as money, timing [and] changing policy preferences."

More recently, there has been academic analysis on that part of the Mincome experiment that was a "saturation" site (where everyone was eligible to receive the benefit, rather than just a sample of the population)—the town of Dauphin, Manitoba. Evelyn Forget has analyzed health and educational data from this community for the period of time when Mincome was providing guaranteed income supplements to those with low incomes. Forget (2011) found that hospitalizations, accidents, injuries, and mental health problems declined, and that the high school completion rate increased during the Mincome experiment in Dauphin. When the experiment ended, these improved health and educational outcomes ceased, and the community returned to pre-experimental levels of hospital contacts and high school dropping out. It appears that Mincome had demonstrably beneficial effects for the community, while at the same time having very little negative impact on labor market participation (Forget, 2011).

By the mid-1980s the idea of a guaranteed income was back on the policy agenda, due primarily to the Royal Commission on the Economic Union and Development Prospects for Canada (Royal Commission, 1985). This report, issued by the "Macdonald Commission" (so called after its chair, former Liberal Finance Minister Donald Macdonald), was marked by general concern about economic efficiency and support for free market forces. Central among the number of reforms to the Canadian welfare system that were recommended was implementation of a Universal Income Security Program (UISP). The UISP was intended to bring about reform in a "badly flawed"

income-security system in a manner that was to be "deep and rapid" (Royal Commission, 1985, p. 783). The Commission (p. 795) pointedly chose not to use the term "guaranteed annual income" to describe this proposal, as the UISP had benefit levels considerably lower than those traditionally associated with guaranteed incomes. Nonetheless, the UISP stands as a guaranteed income proposal.

The Macdonald Commission proposed that the UISP would eventually replace much of the then existing financial safety net, including the Guaranteed Income Supplement for seniors, the Family Allowance, the refundable child tax credit, child and marital tax exemptions, federal social housing programs, federal transfers to the provinces for social assistance, and the income support functions of unemployment insurance. Old Age Security would be left intact at existing levels of support. The UISP benefit itself would be financed by a reallocation of expenditures from the eliminated programs. Key to the Commission's recommendation was their understanding that the reform would thus impose no extra cost and, indeed, might even save a considerable amount of money. The UISP was to have a relatively low guarantee level and a low reduction rate due to earned income. The report recommended a universal demogrant-based delivery system, rather than a strictly tax-based system, although it argued that either would be effective (Young & Mulvale, 2009).

The Macdonald Commission report acknowledged that the income guarantees proposed were not adequate to meet all family needs without additional support, a choice made deliberately to preserve work incentives. The report also assumed that provincial or municipal social assistance top-ups as a second tier of benefits would continue to be available for families with very little income. Benefits for young recipients would be contingent upon an "active job search" and benefits for those between 18 and 35 might be restricted to half of the level for older recipients (Young & Mulvale, p. 15). Thus, the proposal was not a truly universal one. Benefit levels and tax-back rates varied somewhat depending on age and family status. As lead author of the report, Donald Macdonald acknowledged in an interview that UISP is "a way for enabling the working poor ... to work their way out to get something

from a job" (Tanguy, 2001).

Criticism of the UISP came quickly and from a variety of directions. From the left, commentators pointed out that the UISP suffered from the Commission's failure to acknowledge the context of increasing unemployment and poverty, the dismantling of existing social programs, and growing income inequalities of the 1980s (e.g., Kitchen, 1986). Critics were quick to point out that such a scheme would effectively institutionalize poverty, setting income security benefits for many at even lower levels than existing programs. The UISP also met with strong opposition from the Canadian labor movement (Haddow, 1994). While the Mulroney government implemented the Commission's recommendations for free trade between Canada and the United States, the UISP proposals were ignored by the government. For many in Canada with an interest in progressive social policy, the Macdonald Commission proposal for UISP has come to symbolize the dangers of guaranteed income proposals.

In 1994, a discussion paper tabled in the House of Commons by Minister of Human Resources Lloyd Axworthy dismissed the idea of implementation of a formal guaranteed income program. The paper argued somewhat speciously that Canada's mix of social assistance and tax credit programs was a "de facto guaranteed minimum income" (Young & Mulvale, 2009, p. 15).

Guaranteed income seemed to fall off the political radar for several subsequent years in Ottawa, but the political circumstances in the Parliament of 2008–2011 offered new opportunities to the supporters of income security reform. During this Parliament, the Conservatives had a minority of seats in the elected House of Commons and (at the beginning of the Parliamentary sessions) also in the appointed Senate. The minority Conservative Party government, led by Stephen Harper, was opposed by the Liberal Party as the Official Opposition, as well as by the New Democratic Party (with a social-democratic orientation) and the Bloc Québécois (dedicated to the sovereignty of Quebec). This composition of the Parliamentary chambers ensured a majority of Opposition members on Committees of both the House and the Senate. As a result, legislators were able to discuss and make

recommendations on creative ideas, even though the Conservative government was not likely to support them or ensure their passage into legislation.

In this political context, the idea of guaranteed or basic income resurfaced in two significant forums. The Senate Sub-Committee on Cities published a report entitled *In from the Margins* on a wide range of measures to address poverty, housing, and homelessness (Senate of Canada, 2009). The report makes two recommendations specifically on guaranteed income:

[T]he federal government publish a Green Paper to include the costs and benefits of current practices with respect to income supports and of options to reduce and eliminate poverty, including a basic annual income based on a negative income tax, and to include a detailed assessment of completed pilot projects on a basic income in New Brunswick and Manitoba (Recommendation 5)

[T]he federal government develop and implement a basic income guarantee at or above LICO [low income cut-off] for people with severe disabilities (Recommendation 53)

A House of Commons Committee also made a recommendation to the Conservative government that it should "create a federal basic income program for persons with disabilities and support a disability-related supports program to be delivered by the provinces and territories" (House of Commons, 2010, p. 143). On the other hand, this Committee "decided not to make a recommendation regarding a universal GAI, considering it preferable to take one step at a time and begin with a program benefitting only persons with a disability" (p. 194). Although the Commons Committee was less supportive of a GAI than the Senate Committee, the former did not dismiss the goal of a universal guaranteed income out of hand. Rather, the Members of Parliament who sat on the Committee recommended an incremental approach, starting with persons with disabilities.

Significantly, one of the most prominent basic income

advocates during this period was 'red Tory' Senator Hugh Segal (2012) from the Conservative Party. He publicly and repeatedly defended the introduction of a federal GAI, arguing that Canada can afford it and that has the money to ensure that every citizen can live with dignity. In February 2008, Segal introduced a notice of motion in the Senate calling for "a fulsome study on the feasibility of a Guaranteed Annual Income ... or Negative Income Tax as a means of reducing poverty and providing a real solution to those currently living below what is considered the Canadian poverty line."²

The Canadian debate on basic or guaranteed income has had many twists and turns over the years, and it continues today. Compared to previous decades, the current basic income discourse in Canada indicates more familiarity and comfort with the concept. There is also arguably a more sophisticated understanding of the questions of political strategy and policy design required to build a practical, working model of basic income in Canada.

Importance of Policy Learning, Policy Design, and Effective Delivery Mechanisms for BI

Both the design and implementation process of a basic income scheme are crucial in their own right in order for the policy to accomplish its objectives, and to demonstrate its benefits and practicality. Many design issues are salient, but three are especially important. The first relates to the level of adequacy of the guarantee. As De Wispelaere (2016) has pointed out, disagreement over this issue may decrease the range of political support and expose conflict in a fragile policy coalition. Specifically, progressive supporters may fall by the wayside if the guarantee is too low (Emery et al., 2013) and neoliberal supporters may bolt if it is too high (Hum, 1986).

This adequacy issue is further complicated, because in Canada there is no official poverty line, so that the criterion of adequacy is open to dispute (Frankel & Mulvale, 2013). Statistics Canada publishes three measures of low income, a purely relative measure (Low Income Measure), a semi-relative measure (Low Income Cut-Offs) and an absolute measure (Market Basket Measure); the thresholds are significantly different. Beyond this, the "real freedom" justification for a basic

income requires an adequate benefit paid to each individual (Widerquist, Vanderborght, Noguera, & De Wispelaere, 2013), while poverty thresholds incorporate household economies of scale. A full benefit paid to all household members would place the household above the poverty threshold, and would involve significant increases in cost.

The second design issue involves the extent to which a basic income will replace other welfare state cash benefits and services (Myles & Pierson, 1997). Disagreements in this regard could also split the policy coalition in similar ways to the adequacy issue. The third issue involves the complexities of federal–provincial cooperation in a federated state (Drover, Moscovitch, & Mulvale, 2014). The federal government has much more financial capacity to pay for a basic income, but savings in health, criminal justice and social services costs flowing from a basic income will largely benefit provincial and territorial governments.

Regarding implementation issues, De Wispelaere and Stirton (2013) have demonstrated that considerable care must be taken in designing eligibility standards, structures and procedures to locate and distinguish eligible beneficiaries, and systems to regularly pay benefits to these recipients (some of whom have limited bureaucratic skills) in a great variety of changing circumstances. Delivering a BI benefit to everyone for whom it is intended is especially challenging, given the presence of vulnerable and transient segments of the population such as the homeless, those fleeing violence from intimate partners, and those with recurring psychiatric disabilities (De Wispelaere & Stirton, 2012).

In order to minimize risks of implementation failure, incremental implementation with active policy learning processes should be considered (McLaughlin, 1987). However, this strategy will entail some risks, including offering opportunities for opponents to organize and to exploit implementation problems to their advantage (Frankel & Mulvale, 2013).

The Current Context

The Canadian political landscape changed dramatically in October 2015 with the election of a new Liberal federal government under Prime Minister Justin Trudeau. Canada

had been governed before that by the Conservative government of Prime Minister Stephen Harper, who was elected with a minority government in 2006 and 2008, and with a majority government in 2011. The Harper Conservative government had a hard right wing agenda of tax cuts, contraction of social expenditures, and policies favoring corporate interests. The Harper years were not a propitious time to be promoting the basic income principles of a universal and unconditional economic floor for all, regardless of individuals' labor market status.

The election of the Liberal government in 2015 held the promise of renewed commitment to social programs and a positive role for the federal government in pursuing progressive social change. At its last pre-election policy convention in 2014, the Liberal Party of Canada did, in fact, adopt two resolutions in regard to basic income. One called upon a Liberal federal government to "work with the provinces and territories to design and implement a Basic Annual Income in such a way that differences are taken into consideration under the existing Canada Social Transfer System" (Liberal Party of Canada, 2014, p. 17). The other called for "a federal pilot of a basic income supplement in at least one Canadian town or city, in cooperation with the appropriate provincial and municipal government(s)" (Liberal Party of Canada, 2014, p. 28). The party's commitment was reiterated at its subsequent convention (held seven months after it formed the government) when it passed a resolution "that the Liberal Party of Canada, in consultation with the provinces, develop a poverty reduction strategy aimed at providing a minimum guaranteed income" (Liberal Party of Canada, 2016).

In the 2015 federal election campaign leading up to the October 19 vote, only one party voiced support for "guaranteed livable income"—the Green Party of Canada, who elected only one member, its leader Elizabeth May. On a campaign stop in New Brunswick, she "announced the party's commitment to a guaranteed livable income, a measure May said she believes could eliminate poverty in Canada" (Donkin, 2015, p. A5). The Green Party's proposal "would replace federal transfers for social programs like social assistance, the Old Age Supplement, child tax benefits and the Guaranteed Income Supplement for

the elderly with a single cash benefit delivered through the tax system" (Donkin, 2015, p. A5). The benefit would be taxable and in fact taxed back from high income earners.

After the Liberal victory in the 2015 election, Jean-Yves Duclos was appointed to Cabinet as the Minister of Families, Children and Social Development. In his previous career as an economist, Duclos wrote extensively about guaranteed minimum income, sometimes more favorably (Duclos, 2007) than other times (Clavet, Duclos, & Lacroix, 2012). But as he assumed his Cabinet post, Duclos expressed his view that "the concept has merit as a policy to consider after the government implements more immediate reforms" (Curry, 2016, p. A1).

Canada's social democratic party, the New Democratic Party (NDP), has had a long running lack of interest in (and even antipathy towards) the basic income model. One factor shaping the NDP's skepticism has no doubt been its close alliance with Canadian labor unions, and the latter's strong orientation to "good jobs" as the bedrock of economic security. The Canadian labor movement also strongly opposed the minimalist model of guaranteed income recommended by the Macdonald Commission in the mid-1980s (Haddow, 1994), and this memory may still strongly influence the older generation of labor leaders (see p. 38).

But a positive step towards acceptance of the basic income model was taken by the NDP at its national convention in April 2016. A resolution was adopted (No. 3-45-16) that "affirm[s] the principle of a Basic Income Guarantee" and that "endorses informed discussion within the party to explore potential options for a basic income guarantee for all in Canada" (New Democratic Party, 2016). This resolution also promised NDP support for "a minimum income pilot program as a step towards eliminating poverty in Canada" and for the party "to promote national discussion and explore options for a basic income for all" as part of the new Liberal government's proposed federal poverty reduction strategy (New Democratic Party, 2016).

There also appears to have been a recent increase in receptivity to the idea of basic income in certain quarters of the Canadian labor movement. Andrew Jackson is a former chief economist of the Canadian Labour Congress. He warns against

a "big-bang" approach to a basic income, but endorses a strategy "to selectively improve refundable income-tax credits and other income-support programs so that all household incomes after taxes and transfers meet a basic level" (Jackson, 2016). In this way, Jackson argues, we can add to existing refundable tax credits for children (the Canada Child Tax Benefit) and for seniors (Old Age Security and the Guaranteed Income Supplement) "to provide a non-stigmatizing and adequate income to working-age persons who cannot work, usually due to disability, or who receive only low incomes from work due to low wages and limited hours" (Jackson, 2016, p. B2). He strongly criticizes the woeful inadequacy of Canada's social assistance programs, and proposes as an alternative "a well-designed system of income-tested benefits for low-income workers, including disability benefits" that would "set a basic income floor for all Canadians" (Jackson, 2016, p. B2). Jackson even holds out that such "practical reform" could be "an important stepping stone toward more visionary solutions" (Jackson, 2016, p. B2).

In early 2016, the two most populous provinces in Canada indicated their interest in further investigation into the guaranteed income model. The Government of Ontario announced in its 2016 budget that "we will join with researchers and communities to develop a Basic Income pilot project" (Ontario, 2016, p. 22). The Premier of Quebec, Philippe Couillard, is "serious" in his government's intention to undertake a system of guaranteed income for all Quebecers (Boivin, 2016). At the level of municipal government, basic income is endorsed by growing list of Canadian mayors, and in December 2015 "the City of Kingston [Ontario] has become the first municipality in Canada to call for the development of a basic income guarantee for all Canadians" (Benns, 2015, para. 1).

The growth of political support for basic income in Canada in the recent past has no doubt been aided by civil society organizations that advocate for this approach, and that promote and engage in informed discussion and analysis of how to make it a reality in the Canadian social welfare system. Notable among this constituency has been the Basic Income Canada Network (BICN), along with the provincial and local groups with which it is affiliated.³ A small group of academics, policy experts, and activists launched BICN in 2008 as the officially

recognized national group connected with the Basic Income Earth Network. Since 2009, BICN has been holding annual conferences to discuss basic income, disseminate research, and bring policy advocates and activists together. Starting in 2010, these conferences have been co-organized with the United States Basic Income Guarantee Network, and billed as the North American Basic Income Guarantee (NABIG) Congress.

BICN has recently articulated "The Basic Income We Want"—a BI scheme that is nested within broader social policy architecture that includes "universal public services such as health care, education, child care and pharmacare," "measures that ensure the paid labour market operates fairly," and "fair and progressive taxation." (Basic Income Canada Network, 2016, paras. 9-11). There have been many concerns raised in Canada over the years that uncritical promotion of the BI model could pave the way to a neo-liberal version of a basic income benefit, leading to cuts in other health and social programs and resulting in the economically vulnerable being worse off. This statement of BICN clearly articulates that it supports a BI design that provides better income security in the context of a comprehensive and effective system of health and social provision for all Canadians.

As we move forward to make the case for a universal, unconditional, adequate and sustainable form of basic income in Canada, it is important that we be guided by some key political and strategic principles. We must strive for a version of basic income in Canada that is:

- Holistic in policy terms—establishes a basic income scheme that is the essential economic security component in broad social policy architecture that also incorporates universal health care, affordable and adequate housing, food security, early childhood development and education, and social services and supports
- Politically authentic and inclusive—draws as broadly as possible on progressive political tendencies, organizations, and movements, but is also clear on the justifications or versions of basic income that we cannot support (e.g., right-libertarian arguments for basic income as a substitute for the collective provision of public goods and services)

- Financially feasible—ensures adequate public revenues to fund basic income through a reform of the taxation system that restores equity and progressivity, and that draws upon new revenue sources such as resource royalties and Crown corporation income
- Ecologically sound—opens the door to a stable state, environmentally sustainable economy

In struggles to build a more just and inclusive society, we have no guarantees of success in achieving ambitious social policy goals such as basic income. But the same was true of the struggles of previous generations for social programs that we now take for granted in Canada, such as universal public education and universal public health insurance. Our current political, economic, and social circumstances seem to bring the goal of basic income more within our grasp than ever before. The months and years ahead will be crucial in the quest for a sound and durable basic income scheme for Canada.

References

- Atkinson, A. B. (2015). *Inequality: What can be done?* Cambridge, MA: Harvard University Press.
- Babad, M. (2015, November 11). Canada losing high-paying jobs for first time since recession: Report. *The Globe and Mail*. Retrieved from <http://www.theglobeandmail.com/report-on-business/top-business-stories/canada-losing-high-paying-jobs-for-first-time-since-recession/article27205308/>
- Basic Income Canada Network (2016, April 6). *The Basic Income we want*. Retrieved from http://www.basicincomecanada.org/the_basic_income_we_want
- Benns, R. (2015, December 16). *Kingston the first Canadian municipality to call for basic income guarantee*. Retrieved from <http://leadersandlegacies.com/2015/12/16/kingston-the-first-canadian-municipality-to-call-for-basic-income-guarantee/>
- Birnbaum, S. (2009). Introduction: Basic income, sustainability and post-productivism. *Basic Income Studies*, 4(2), 1-7.
- Boivin, S. (2016, February 5). Couillard "sérieux" sur le revenu minimum garanti. *Le Soleil*. Retrieved from <http://www.lapresse.ca/le-soleil/actualites/politique/201602/05/01-4947858-couillard-serieux-sur-le-revenu-minimum-garanti.php>
- Brynjolfsson, E., & McAfee, A. (2014). *The second machine age: Work, progress, and prosperity in a time of brilliant technologies*. New York: W. W. Norton & Company.

- Campaign 2000. (2015). *Let's do this, Let's end child poverty for good: 2015 Report Card on Child and Family Poverty in Canada*. Toronto, ON: Family Service Toronto
- Casassas, D., & De Wispelaere, J. (2012). The Alaska model: A republican perspective. In K. Widerquist and M. Howard (Eds.), *Alaska's Permanent Fund Dividend* (pp. 169-188). Palgrave Macmillan US. DOI: 10.1057/9781137015020
- CBC News. (2015, December 4). *Canada sheds 35,700 jobs in November, unemployment rate up to 7.1%*. Retrieved from <http://www.cbc.ca/news/business/jobs-canada-november-1.3350423>
- CBC News. (2016, April 23). *1000s more oil and gas job losses in 2016, new report predicts*. Retrieved from <http://www.cbc.ca/news/canada/calgary/24k-jobs-lost-2016-outlook-1.3550476>
- Clavet, N.-J., Duclos, J.-Y., & Lacroix, G. (2012, December). *Fighting poverty: Assessing the effect of a guaranteed minimum income proposal in Québec*. Montreal: Center for Interuniversity Research and Analysis on Organizations
- Conference Board of Canada. (2016). *How Canada performs: A report card on Canada*. Retrieved from <http://www.conferenceboard.ca/hcp/details/society/income-inequality.aspx>.
- Corak, M. R. (2013). *Public policies for equality and social mobility in Canada*. Ottawa: Canada 2020. Retrieved from <http://canada2020.ca/wp-content/uploads/2013/02/Canada-2020-Background-paper-Public-policies-for-equality-and-mobility-in-Canada.pdf>
- Curry, B. (2016, February 5). Minister eyes guaranteed minimum income to tackle poverty. *The Globe and Mail*, p. A1.
- De Wispelaere, J. (2016). The Struggle for strategy: On the politics of the basic income proposal. *Politics*, 36(2), 131-141.
- De Wispelaere, J., & Stirton, L. (2012). A disarmingly simple idea? Practical bottlenecks in the implementation of a universal basic income. *International Social Security Review*, 65, 103-121. doi: 10.1111/j.1468-246X.2012.01430.x
- De Wispelaere, J., & Stirton, L. (2013). The politics of unconditional basic income: Bringing bureaucracy back in. *Political Studies*, 61(4), 915-932.
- Donkin, K. (2015, July 18). Elizabeth May optimistic Green party will elect MPs in New Brunswick. *St. John Telegraph-Journal*, p. A5.
- Drover, G., Moscovitch, A., & Mulvale, J. (2014). *Promoting equity for a stronger Canada: The future of Canadian social policy*. Ottawa: Canadian Association of Social Workers.
- Duclos, J.-Y. (2007). A better income security system for all Canadians. In J. Leonard, C. Ragan, and F. St-Hillaire (Eds.), *A Canadian priorities agenda: Policy choices to improve economic and social well-being* (pp. 233-266). Montreal: Institute for Research on Public Policy.

- Economic Council of Canada (1968). The problem of poverty. In *Fifth Annual Review: The Challenge of Growth and Change*. Ottawa: Economic Council of Canada.
- Emery, J. C., Fleisch, V., & McIntyre, L. (2013). How a guaranteed annual income could put food banks out of business. *The School of Public Policy SPP Research Paper*, 6(37), 1-20.
- Forget, E. (2011). The town with no poverty: The health effects of a Canadian guaranteed annual income field experiment. *Canadian Public Policy*, 37(3), 283-305.
- Frankel, S., & Mulvale, J. (2013). Support and inclusion for all Manitobans: Steps toward a basic income scheme. *Manitoba Law Journal*, 37(2), 425-464.
- Green, D. A., Riddell, W. C., & St.-Hillaire, F. (2016). Income inequality in Canada: Driving forces, outcomes and policy. In D. A. Green, W. C. Riddell, and F. St.-Hillaire (Eds.), *Income inequality: The Canadian story* (pp.1-73). Montreal, PQ: Institute for Research on Public Policy.
- Haddow, R. (1994). Canadian organized labour and the guaranteed annual income. In A. F. Johnson, S. McBride, and P. J. Smith (Eds.), *The political economy of social welfare and labour market policy in Canada* (pp. 350-366). Toronto: University of Toronto Press.
- Heisz, A. (2016). Trends in income inequality in Canada and elsewhere. In D. A. Green, W. C. Riddell and F. St.-Hillaire (Eds.), *Income inequality: The Canadian story* (pp. 77-102). Montreal, PQ: Institute for Research on Public Policy
- House of Commons. (2010, November). *Federal poverty reduction plan: Working in partnership towards reducing poverty in Canada*. Report of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities. Ottawa: 40th Parliament, 3rd Session.
- Hum, D. P. (1986, February). UISP and the Macdonald Commission: Reform and restraint. *Canadian Public Policy/Analyse de Politiques*, 12(s1), 92-100.
- Hum, D., & Simpson W. (2001, January- February). A guaranteed annual income? From Mincome to the millennium. *Policy Options*, 22(1), 78-82. Retrieved from <http://policyoptions.irpp.org/magazines/2001-odyssee-espace/a-guaranteed-annual-income-from-mincome-to-the-millennium/>
- Jackson, A. (2016, March 17). We need a practical approach in the basic-income debate. *The Globe and Mail*, p. B2.
- Kaplan, J. (2015). *Humans need not apply: A guide to wealth and work in the age of artificial intelligence*. New Haven, CT: Yale University Press.
- Kitchen, B. (with C. Freiler & J. Patterson). (1986). *A guaranteed income: A new look at an old idea*. Toronto: The Social Planning Council of Metropolitan Toronto.
- Klein, N. (2014). *This changes everything: Capitalism vs. the climate*. New York: Simon & Schuster.

- Laurie, N. (2008). *The cost of poverty: An analysis of the economic cost of poverty in Ontario*. Toronto, ON: Ontario Association of Food Banks. Retrieved from <https://ccednet-rddec.ca/en/toolbox/cost-poverty-analysis-economic-cost-poverty-ontario>
- Lewchuk, L., Lafleche, M., Dyson, D., Goldring, L., Meisner, A., Procyk, S., Rosen, D., Shields, J., Viducis, P., & Vrankulj, S. (2013). *It's more than poverty: Employment precarity and household well-being*. Hamilton & Toronto: McMaster University, Social Sciences & United Way, Toronto. Retrieved from <http://www.unitedwaytyr.com/research-and-reports>
- Liberal Party of Canada. (2014). *Adopted resolutions: Biennial Convention*. Montreal 2014. Retrieved from <http://www.liberal.ca/documents/>
- Liberal Party of Canada. (2016). *Poverty reduction: Minimum income*. Policy resolution. Retrieved from <http://winnipeg2016.liberal.ca/policy/poverty-reduction-minimum-income/>
- McKenna, B. (2016, February 2). Canada's labour market not keeping up with 'changing times': Report. *The Globe and Mail*. Retrieved from <http://www.theglobeandmail.com/report-on-business/economy/jobs/canadas-labour-market-not-keeping-up-with-changing-times-report-says/article28494862/>
- McLaughlin, M. W. (1987). Learning from experience: Lessons from policy implementation. *Educational Evaluation and Policy Analysis*, 9(2), 171-178.
- Mulvale, J. (2007, November). Enough to live on: The case for guaranteed income and the end of the growth economy. *Briarpatch*. Retrieved from: <http://briarpatchmagazine.com/issues/view/november-2007>
- Myles, J., & Pierson, P. (1997). Friedman's revenge: The reform of "Liberal" welfare states in Canada and the United States. *Politics & Society*, 25(4), 443-473.
- New Democratic Party. (2016). *Resolutions passed at Convention 2016*. Retrieved from <http://www.ndp.ca/>
- Ontario. (2016). *Jobs for today and tomorrow: 2016 Ontario Budget*. Toronto: Government of Ontario. Retrieved from <http://www.fin.gov.on.ca/en/budget/ontariobudgets/2016/statement.html>
- Osberg, L. (2013). What's so bad about increasing income inequality in Canada? In D. A. Green, W. C. Riddell and F. St.-Hillaire (Eds.), *Income inequality: The Canadian story* (pp. 299-343). Montreal, PQ: Institute for Research on Public Policy.
- Porter, B. (2014). *International human rights in anti-poverty and housing strategies: Making the connection*. Retrieved from <http://socialrightscura.ca/eng/publications.html#porter>
- Royal Commission on the Economic Union and Development Prospects for Canada [Macdonald Commission]. (1985). *Report* (Vol. 2). Ottawa: Supply and Services Canada.

- Segal, H. (2012, December). Scrapping welfare. *Literary Review of Canada*, 20(10), 8. Retrieved from <http://reviewcanada.ca/magazine/2012/12/scrapping-welfare/>
- Senate of Canada (1971). *Report of the Special Senate Committee on Poverty* (Croll Report). Ottawa: Information Canada.
- Senate of Canada (2009). In *From the Margins: A Call to Action on Poverty, Housing and Homelessness*. Standing Senate Committee on Social Affairs, Science and Technology (Sub-Committee on Cities). Ottawa: Senate of Canada.
- Statistics Canada. (2015). Table 111-0015—Family characteristics, low income measures (LIM), by family type and family type composition, annual (number unless otherwise noted). CANSIM (database).
- Tanguy, P. (2001). *La Régime universel de sécurité de revenu de la Commission Macdonald: Une analyse de son origine de son échec* (Masters thesis). Sainte-Foy: Université Laval.
- Todd, D. (2015, September 5). Robots are coming, and jobs are going; The future of work. *Vancouver Sun*, p. H5.
- UNICEF Office of Research. (2013). *Child well-being in rich countries: A comparative overview* (Innocenti Report Card 11). UNICEF Office of Research, Florence.
- Varcoe, C., Pauly, B., Webster, G., & Storch, J. (2012, March). Moral distress: Tensions as springboards for action. *HEC Forum*, 24(1), 51-62.
- Widerquist, K., Vanderborcht, Y., Noguera, J. A., & De Wispelare, J. (2013). The idea of an unconditional income for everyone. In K. Widerquist, J. A. Noguera, Y. Vanderborcht, & J. De Wispelare (Eds.), *Basic income: An anthology of contemporary research* (pp. xiii-xxiv). Southern Gate, Chichester, West Sussex: John Wiley and Sons.
- Wilkinson, R., & Pickett, K. (2009). *The spirit level: Why greater equality makes societies stronger*. New York, NY: Bloomsbury Press.
- Young, M., & Mulvale, J. P. (2009). *Possibilities and prospects: The debate over a guaranteed income*. Vancouver: BC Office, Canadian Centre for Policy Alternatives. Retrieved from: <https://www.policyalternatives.ca/publications/reports/possibilities-and-prospects>

Endnotes:

1. This section draws upon previous work done by Mulvale and Vanderborcht (2012) and Young and Mulvale (2009).
2. Quoted from a "Communique" and "Notice of Motion" released by the Office of Senator Hugh Segal, Senate of Canada, 6 February 2008.
3. The first author of this article is a Board member of BICN. Both authors serve on the Steering Committee for Basic Income Manitoba, which was formed in 2015.

Prospects for a Universal Basic Income in New Zealand

KEITH RANKIN

Unitec Institute of Technology
Auckland, New Zealand

New Zealand is a small liberal capitalist country with a history of egalitarian values and political reform—including the early introduction of universal welfare benefits—and with an uncomplicated relatively flat income tax structure. As such, it has sometimes been seen as a “social laboratory,” a theme of writing about New Zealand and of New Zealand social historians. It therefore has all of the elements in place that could make New Zealand a candidate to become a world leader in integrating income tax and social welfare regimes into a form of universal basic income. Nevertheless, through a combination of intellectual inertia, media cynicism, and the requisite elements not all coming together at the same time, the outlook for an open and healthy discussion around public property rights and unconditional benefits remains constrained. Despite this unpromising intellectual environment, New Zealand may yet stumble upon such reform as a political compromise, as it might have done in 1988.

Key words: *New Zealand, universal basic income, social welfare, equity*

Essentially, any fixed publicly-sourced payment payable as a right to all adult residents of a country may be called a universal basic income (UBI). For present purposes at least, a UBI does not have to, on its own, meet any minimum adequacy condition. Rather, it can be understood simply as a social dividend—a return on the contribution of public inputs to economic output—in the context of a liberal capitalist society that flourishes when there is a healthy balance between its private and public domains (Rankin, 1997).

Conceptually, a UBI represents a straightforward application of the principles of horizontal equity (treating equal "citizens" equally) and public equity (the public as an equity partner of economic activity). The principle of horizontal equity should be understood as complementary rather than antagonistic to the alternate principle of vertical equity (treating unequals unequally, for example, on the basis of unmet basic needs).

At its core, any nation's public finances can be visualized according to these equity principles: for example, considering a top rate of income tax (not necessarily the very top rate) as a proportional (flat) tax on all income, and accumulating the lower-rate discounts into a tax credit—an implicit benefit—to each person with market income. We may call this revealed credit a "public equity benefit," and interpret it as an entitlement arising from each person's stake in those many public resources that contribute to national income. Such a credit should be understood therefore as a return on capital (Rankin, 2016a)—not a wage, and not a transfer.

A public equity benefit that is the same for all adult tax-residents—a dividend or demogrant—may be given a name such as a Universal Basic Income (Rankin, 1991) or a Public Equity Dividend (Rankin, 2016c). In 1991 (Rankin, p. 5) I described it thus: "a universal tax credit available to every adult—the universal basic income (UBI)—and a moderately high flat tax rate." This gives a "basic income flat tax" couplet, the core parameters (benefit and cost) of a universal apparatus of basic income.

Such a core unconditional income would usually be supplemented by provision for peripheral social assistance. So long as supplementary transfers are available to those with particular needs (such as single-parent families) or those without access to market-sourced income, a public equity dividend need not, of itself, be required to meet their needs. The central principles of an equity dividend are those of universality and unconditionality, not of adequacy.

In a high productivity country with a very high public resource base, a universal equity dividend might be sufficiently high that no social assistance transfers are required. Although this special case should be understood as the exception and not the rule, a UBI apparatus comes into its own as a system

of *liberté* and *égalité* when the basic income dividend is sufficiently high that few, if any, people require supplementary assistance.

Alternate Accounting Procedure as the First Step to Reform

To economists, publicly-sourced cash benefits are all called "transfers," and are macroeconomically equivalent to negative taxes. Indeed, any tax concession or exemption can be reinterpreted as a credit: a benefit, a transfer, or a subsidy. Consider the simple example of a 30 percent income tax subject to a \$13,000 annual income exemption; that is, the first \$13,000 of market income is taxed at zero percent (a discount of 30 cents in the dollar). For all persons earning \$13,000 (or more), this discount is equivalent to an unconditional tax rebate (or credit) of \$3,900 (thirty percent of \$13,000), which is \$75 per week. For lower income earners this rebate is less, in dollar terms. Such a tax credit is unconditional but not universal. This two-rate tax scale (0% and 30%) is equivalent to a single-rate scale (flat tax) combined with an annual unconditional benefit of upto \$3,900.

Through this accounting procedure, the graduated income tax scales which have evolved in a historical path-dependent manner can be represented as a flat (proportional) tax accompanied by a capped benefit (tax credit) that, for low earners, increases with income. In this way, the income tax conforms to the principle of horizontal equity—all income is taxed at the same rate—though the resulting implicit benefit (Rankin, 2012) fails to conform to either horizontal or vertical equity principles.

The point of this accounting reform is to apply a single rate of income tax—a rate appropriate to the resource base and productivity of the country—and to account for any revealed credits as unconditional benefits. Hidden inequities are revealed. And traditional income tax cuts—reducing lower income bracket rates or raising bracket thresholds—can be seen for what they are, increased benefits going disproportionately to those on higher incomes.

The policy challenge is to grasp this opportunity of the imagination to reverse the process of increasing economic inequality by, over time, making these public equity benefits the

same for every tax resident of a country. Thus the maximum equity benefit revealed by the accounting reform becomes an aspirational target for a genuine public equity dividend; a true demogrant rather than the inequitable credit revealed by the reform. Such an equity dividend or universal basic income increases the bargaining power of precariously-placed workers. It can diminish the poverty trap, whereby beneficiaries seeking part-time or temporary employment face both high effective marginal tax rates and high bureaucratic compliance. A public equity dividend enables all to gain from future increases in productivity through increasing equity dividends. Further, when productivity gains can be attributed to public inputs, it becomes appropriate to raise the tax rate itself, enlarging the "public equity fund" (gross public revenue) from which equity dividends would be paid.

There is nothing in this discussion which conflicts with the "laws of economics" (universally applicable insights rather than strict laws), though there may be conflict with economic lore. The challenge relates to the normative rather than the positive aspects of neoclassical economics. The notion that the public is not an equity partner of market production is an unaddressed assumption of economists, rather than a tenet of economics.

Applying these accounting principles to the United States suggests an initial "equity benefit flat tax" couplet of \$US 315 per week (\$16,394 per year), with an income tax rate of 33 percent. For Australia the couplet is \$A 232 per week with an income tax rate of 37 percent. For New Zealand the couplet is \$NZ 175 with an income tax rate of 33 percent. Thus it is in New Zealand that a universal basic income demogrant is most readily achievable. New Zealand already has an unconditional (albeit implicit) weekly equity benefit of up to \$175. Further, New Zealand has a history of social welfare infused with universal principles.

New Zealand as a Model for Change

New Zealand is well placed to lead the way in fiscal reforms of a universal or "equitarian" (Rankin, 2014, p. 3) nature because it has a near 80-year history of retirement

demogrants (universal "superannuation" benefits) and a longer history of progressive change in, for example, electoral reform (Rankin, 2016d), non-contributory pensions (McClure, 1998), labour arbitration and land reform (Coleman, 1987). Further, New Zealand in 2016 has a simple "flattish" four-step income tax scale (The Treasury, 2016) that can easily be re-accounted for in terms that make adaption to a "basic income flat tax" fiscal platform a technically straightforward matter.

From the 1890s, New Zealand gained a reputation as a model or pilot for progressive social reforms that might be adopted more generally in the then emerging countries that aspired to economic and social progress. At the time, Australia was not a single country; rather it was six separate self-governing British colonies, each with the same status as New Zealand. While the reform process was most advanced in New Zealand, in part because much of Australia was mired in financial crisis and economic depression throughout the 1890s, the Australasian region as a whole came to be characterized by a comprehensive set of "State Experiments" (Reeves, 1902), creating the "social laboratory" metaphor. The American progressive movement, in its early years from around 1900, took much inspiration from New Zealand's reforms (Coleman, 1987).

The United States, and especially California, was well placed to evaluate New Zealand in its own right, and not as an Australian appendage. New Zealand links with California started in the New Zealand gold rush era (1860s), and grew from there with the introduction of regular steamship services in the 1870s, the trans-Pacific telegraph cable, and the trans-continental railway facilitating passenger travel from New Zealand to the United States and to the United Kingdom (Muldoon, 1985). New Zealand as a progressive society was an easy role model for American reformers, a number of whom visited and wrote widely of their experiences, or at least their impressions, filtered by the expectations that motivated their journeys.

The reputation of New Zealand as a reforming pioneer in the 1890s was an inspiration that the first Labour Government—elected in 1935 at the end of the Great Depression—sought to re-establish. The late 1930s was a favorable conjuncture with New Zealand's recovery already underway, and with

widespread public appetite for reform. Of particular abhorrence were the bureaucratic processes people had had to go through in order to attain and maintain access to public "Charitable Aid" (Belgrave, 2004, p. 27). The credibility of this government of self-educated radicals depended on it meeting expectations raised on the hustings in and before 1935.

New Zealand's laboratory reputation was rekindled in the 1980s (Labrum, 2009), when the 1984-90 Labour Government repudiated many of its predecessors' reforms by embarking on a rapid and comprehensive "neoliberal" program of financial deregulation and managerial reform. New Zealand's versions of "Reaganomics" and "Thatcherism" were popularly known as "Rogernomics" and "Ruthenasia" (New Zealand Council of Trade Unions [NZCTU], 2014), in reference to the respective Ministers of Finance. One such reform referred to in economics textbooks (e.g., Mishkin, 2013, p. 440) was the New Zealand 1989 Reserve Bank Act, the first instance of formal inflation-targeting as the basis for monetary policy. Of particular interest here, however, is the substantial flattening of the income tax scale that took its final form in 1988 with just two statutory rates of income tax, 24 and 33 percent.

In 2015, *The Economist* published the following: "Kiwis as Guinea Pigs" and "In Praise of Human Guinea Pigs." The first article refers to a new version of the social laboratory phenomenon, the propensity of companies like Microsoft to pilot new software and hardware products in the small and contained New Zealand market. The second article is an argument for governments to adopt policies that can be demonstrated to have achieved their stated goals. The goals of the "universal welfare state"—a label sometimes applied to post-1940 New Zealand—were to achieve income equity in the context of full-employment economic growth. Low inequality and full-employment were indeed realized in the decades between 1940 and 1980. Some of these achievements remain embedded in New Zealand lore (and law), despite political reversals (Belgrave, 2004). For example, New Zealand twice revived its "universal superannuation"—albeit under different names—in 1976 and in 1998. Public hospitals remain free, despite efforts in the 1990s to invoice patients who did not hold a "community services card" (Kelsey, 1997, p. 177).

One significant recent political reform took place in New

Zealand over the period from 1992 to 1996 (Mein Smith, 2012; Rankin, 2016d). Through popular referendum, the essentially two-party parliament, formerly elected in the style of British and Canadian parliaments, was replaced with a mixed-member proportional (MMP) parliament, elected more in the style of the German Bundestag. This created a genuine multi-party proportional system, with each voter's vote contributing equitably to the election result, not just voters in marginal electoral districts determining the outcome.

The present challenge—while acknowledging an eclectic range of past reforms—is to return to universal equity-based approaches to public welfare in the spirit of the 1938-1984 era, redressing the undeniable distributional problems that characterize twenty-first century capitalism in New Zealand and elsewhere.

Unconditional Income in New Zealand's History

Public superannuation since 1940, universal family benefits (popularly known as a mother's wage) (McClure, 1998, p. 109), personal tax rebates, and flattened income tax scales all represent historical steps in New Zealand that lead in the direction of a universal basic income. But it is a circuitous path that has no necessary destination. The failure to index family benefits to inflation reduced the relevance of, and hence the public commitment to, them. Non-refundable tax credits—called "personal tax rebates"—came without fanfare in 1974 (Rankin, 2006). They were abolished in 1978, a victim of inflation and a push for reduced marginal tax rates for workers on modest wages. Nevertheless history, New Zealand's small size, and the relative simplicity and flatness of the income tax scale gave New Zealand reform opportunities less available elsewhere.

Universal Superannuation

Included in the Labour Government's ambitious 1938 Social Security legislation was a modest demogrant for all residents over 65 years of age. This universal basic income for seniors captured the public imagination, despite its low initial level of £10 per year. Welfare was seen to be moving from charity towards income sharing. Universal superannuation

represented a significant break from the selective "working class welfare" that commenced in New Zealand and Australia in the 1890s (Castles, 1985, p. 8). It emerged as a rights-based complement to (and not a substitute for) the means-tested age benefit. Universal superannuation acknowledged the rights of men and women who had contributed to New Zealand's productiveness in all possible ways, including but not only through paid contributions in careers and in business.

Labour had attained power in 1935 with a substantial level of non-working-class support. An important reason for Labour's then electoral success was its rhetoric against the indignity in the Depression of having to navigate highly bureaucratic channels for conditional assistance, having to declare all bits and pieces of household income that might subsequently be gained, and having assistance reduced in proportion to these casual earnings. In 1937, however, Labour in government was prepared to abandon its 1935 commitment (Hanson, 1980), worried that, for a given revenue base, the country could not afford universal benefits at a high enough level. In the end it was two public servants (Hanson, 1980, p. 92), recognizing that the public believed the principle of universality to be more important than the level of payments, who showed the government how public expectations could be met. Change for the better often arises from small beginnings. Labour was re-elected in 1938 with the largest popular vote granted to any political party in the twentieth century.

The 1938 Social Security reforms were financed in large part by a flat rate "social security" income tax, set initially at 5 percent, but for most of its life at 7.5 percent. After various adjustments for inflation and growth, in 1967 universal superannuation was widely understood as a weekly retirement benefit of \$NZ 10.75 (\$US \$15 at the fixed exchange rate of the time) funded by a flat income tax of 7.5 percent. While the universal superannuation and the social security tax became, *de facto*, a "universal benefit flat tax" couplet, the distinction between a contributory (pre-funded) and non-contributory pension was never clear in the public mind. While the social security tax was thought of by many as a contributory fund, the superannuation benefits were in fact funded on a "pay as you go" basis out of current government revenue.

Universal Family Benefits

In 1938, the Family Allowance was renamed Family Benefit. It was a means-tested payment, dating from 1927, to mothers of third and subsequent children of low-income families. The 1938 legislation made this benefit available to all children of low income families. Legislation in 1945 reinvented the Family Benefit as a universal (and quite generous) mothers' payment with respect to New Zealand children aged under 16. It came to be seen as a mothers' wage—an acknowledgement of the importance of parenting across the socio-economic spectrum—in much the same sense that universal superannuation was an acknowledgement in retirement of the working-age contributions of all older citizens, and not just paid workers. It reflected a growing political consensus in support of inclusive rights-based welfare. Once again, a universal benefit would capture the public imagination, this time in recognition of both the economic contributions of women and their citizenship rights.

The Family Benefit became a victim of "Ruthenasia," through its erosion in the face of inflation, and on account of the 1980s' return to a "low-tax, targeted-benefits" philosophy. Rather than raising or indexing the Family Benefit to inflation, the Labour Government in 1984 introduced a parallel (and highly conditional) "Family Care" benefit. Universal family benefits were abolished entirely in 1991, by two mothers, Finance Minister Ruth Richardson and Social Welfare Minister Jenny Shipley (who later became New Zealand's first woman Prime Minister). In 2006 (St. John & Rankin, 2009, p. 10) another form of mothers' wage was introduced—called the "In Work Tax Credit" (IWTC)—\$60 per week to most mothers in single earner families, plus mothers in low-income two-earner families. While New Zealand retains its tradition dating back to 1946 of paying benefits to mothers, IWTCs are used today to help maintain a significant disposable income gap between families who gain their income from the labour market and those who do not.

Early 1970s: Extensions and Departures

The Royal Commission on Social Security (Royal Commission, 1972) generally acceded to the rights-based approach to social security, now thought of as "social welfare"

(McClure, 1998, p. 145) on account of a merger with the Child Welfare agency. All citizens should have an opportunity to participate in community life, the Commission asserted; there would be no second-class citizens. The Royal Commission proposed some extensions (especially a greater acknowledgement of single-parent families), and it made more explicit the aims of the 1938 legislation, which was to create an inclusive society around the principle of sharing, rather than that of begrudging redistribution (McClure, 1998, p. 166). The Royal Commission favored a dual system of retirement benefits: one age benefit means-tested and available from age 60; the other being a taxable superannuation benefit available at age 65 to all people meeting residency criteria.

Despite these findings, the most overt welfare initiatives of the 1972-75 Labour Government were to introduce two new benefits based on explicit insurance principles. Social insurance had been much discussed in the sixty years before World War II, but never became a part of actual welfare programs in New Zealand (McClure, 2003). The first was a "no-fault" Accident Compensation scheme (ACC), designed to provide prompt compensation payments and to avoid litigation. ACC's main benefits would be earnings-related; the scheme heavily favored working men. The second was a superannuation fund based on individual contributions and actuarially determined benefits; again this was a working men's scheme. This "New Zealand Superannuation," which would generate new tax-like revenue and place it into a sovereign wealth fund, would displace both universal superannuation and means-tested age benefits.

This government did something else—barely noticed—introducing in 1974 a proto-demogrant that could have been the forerunner of a public equity dividend. Instead it became the catalyst for a substantially fattened income tax scale (Rankin, 2006). Traditionally, almost all income tax scales had formal exemptions (or "allowances"). In the 1973 Budget, this allowance was abolished and replaced by a "personal tax rebate" of \$NZ 125 that today would be called a tax credit. The first \$1 of market earnings would now be subject to an 18% tax rate. This annual credit was "non-refundable," meaning that part of it was forfeited if a person paid less tax than the full rebate.

Although the credit diminished to zero at zero annual income, workers earning at least \$NZ 670 (about \$US 1,000 in 1974) per year (and dependent spouses) would gain the \$125 credit in full. Six hundred and seventy dollars was a low threshold annual income.

The result of netting the personal tax rebate against the higher level of taxation was a net tax cut, with the largest gains to low-earning full-time workers, and the smallest gains to middle income earners. The personal tax rebate became a precedent to later benefits that would be paid by Inland Revenue (the taxation authority) rather than through the Department of Social Welfare. It was paid as a right—as a technical adjustment to net earnings—and not on any assessment of need. It was funded by a flattening and raising of the income tax scale. While the rebate was accounted for as a tax offset rather than as a cash benefit, it need not have been so. Thus, the significance of the personal tax rebate was disguised by the accounting procedures used. The modern word—"credit" rather than "rebate"—would lend itself more to this benefit being understood as publicly-sourced income. Nevertheless the accounting of tax credits, discounts and subsidies remains ambiguous and inconsistent.

The 1974 personal tax rebate was abolished in 1978. It had not been inflation-indexed and had become an easy target for a Finance Minister with other priorities. New Zealand was left with an income tax rate that was unusually high at very low income levels. First dollars earned were subject to 14.5 percent income taxation (Rankin, 2006, p. 16), a very small concession to the loss of the personal tax credit. Ten years later, the income tax scale would be further flattened, with the top rate coming down in two years from 66 to 48 to 33 percent.

National Superannuation

Labour's contributory New Zealand Superannuation scheme did not capture the public's imagination. In 1974, Robert Muldoon, the new National Party leader (former Finance Minister, 1967-72) saw a return to universal superannuation as a clear pathway to electoral success in 1975. The scheme he devised represented the full embodiment of Labour's 1935 vision: a generous but taxable retirement demogrant (payable

at age 60) to fully displace means-tested age benefit.

National Superannuation, as it was called, was implemented in 1976, when Muldoon became Prime Minister and Finance Minister. He fully appreciated that this was a taxable benefit and therefore was subject to substantial claw-back. Others did not appreciate this nuance, and overstated its cost. In the late-1970s, the top income tax rate was 60 percent. With high inflation in the early-1980s, many taxpayers found themselves paying 60 percent as their marginal tax rate. Such persons old enough to receive National Superannuation retained just 40 percent of their gross pension. In 2016, National Superannuation survives as a taxable but otherwise universal publicly-sourced senior-citizen income. The effective universal component is now higher (although the age of eligibility is now 65), because the top income-tax rate in New Zealand is 33 percent, as it has been for most years since 1988. This after-tax core benefit is a basic income dividend for seniors that has existed in New Zealand at one level or other since 1940.

New Zealand Superannuation (as it is now called) remains susceptible to conditionality. Important reasons cited for its alleged unaffordability are the low marginal rate of tax paid by high earning recipients, and the increasing numbers of eligible beneficiaries—the retiring post war "baby boom" generation.

Utilities and Iwi

In the period from 1987 to 1993, New Zealand public assets were substantially corporatized and in many cases privatized. Two of the largest "cities" that made up greater Auckland—New Zealand's largest metropolitan area—the Auckland Electric Power Board did not sell to private buyers (and distribute the proceeds to its customers) as many other local power companies had done. Instead it became Mercury Energy, the property of a newly formed community trust—Auckland Electricity Consumer Trust (AECT, 2016)—that in turn was owned by the electricity account holders in those two cities. In 1999, Mercury's retail arm was sold to a central government-owned generation business (Mighty River Power) and its transmission arm was renamed Vector. AECT beneficiaries receive annual dividends from the trust. The "Vector dividend" is a property-rights-based universal income, payable unconditionally to AECT trustees, about half of Auckland's

electricity account holders. Though on a smaller scale, the AECT operates much like the Alaska Permanent Fund, which distributes Alaska's oil and mineral royalties as an equity dividend to the people of Alaska.

From the 1990s, a number of Iwi (indigenous Maori tribes) have received substantial cash settlements arising from past breaches of New Zealand's foundation Treaty (of Waitangi), signed in 1840. These Iwi—for example Tainui and Ngai Tahu—operate their settlements as incorporated trusts, which are for the most part highly profitable. To be a beneficiary of one of these trusts, you need to prove descent from a person who belonged to that Iwi in 1840. No Iwi presently pay unconditional benefits to their membership, but they easily could. The structures are in place for Iwi dividends to be paid much as any publicly-listed company may pay dividends to its shareholders, or indeed much as the Alaska Permanent Fund pays dividends. Watch this space.

Income Tax Policy since 1987

Income Tax Reform

In December 1987, Finance Minister Roger Douglas announced that New Zealand would have a single "flat" rate of income tax of 24 percent (James, 1992, p. 238). This would be accompanied by a Guaranteed Minimum Income (GMI). To some, this GMI sounded like a basic income (e.g., Easton, 2016). It was not. The GMI was an employee wage top-up. Recipients of this top-up would face an effective marginal tax rate of 100 percent. Wage-earners earning above the income threshold would not receive any publicly-sourced income. In this neo-liberal view, a country's national income was conceived as 100 percent private, with the state then using its power of appropriation to take a share for itself. From an alternative "public equity" standpoint, a substantial share of national income is intrinsically public, and (like company profits) is available for equitable distribution.

Early in 1988, Labour Prime Minister David Lange cancelled his Finance Minister's tax plan (Gustafson, 2013). It led to Douglas' resignation (as Minister of Finance) later that year. Nevertheless, the resulting compromise remained radical. The one-rate tax scale proposed was replaced by a statutory two

rate scale (24 and 33 percent) with a low-income rebate that made it effectively a three-rate scale for wage earners. The main outcome was that the income tax scale became very flat in comparison with those of most other countries. The top rate of income tax came down from 66 percent to 33 percent in just two years.

While the philosophies that prevailed within both main political parties from 1984 were inimical to universal welfare, a flat tax rate of 33 percent could have funded a meaningful equity dividend. Labour's two-rate tax scale was closer to the type of income tax that could accompany a public equity dividend than any other historical example of which I am aware.

In 2016, New Zealand continues to have an income tax scale much like that introduced in 1988. While it is now a four-rate scale, the top rate is still 33 percent, and it becomes effective at the comparatively low annual income of \$NZ 70,000 (about \$US 50,000). If one accounts for the present scale as if it was a 33 percent flat tax, the concession that represents the impact of the lower rates sums to an annual benefit of \$9,080. Thus, by adopting this accounting approach, we can say that all New Zealand residents earning \$NZ 70,000 or more presently pay tax at 33 percent and receive an unconditional benefit of \$9,080 (\$NZ 175 per week; \$US 125). A person earning \$50,000 before tax, about the median fulltime income, is likewise receiving an implicit annual benefit of \$8,480 just from adding the tax discounts that arise from the statutory graduation process.

In New Zealand it is therefore possible to establish a UBI, the most radical part being the accounting reconceptualization. Under simplified accounting procedures, all income would be taxed at 33 percent and all adult tax residents would be attributed an offsetting public equity benefit each week. Incorporating present transfer payments and superannuation benefits into the schema—including Family Tax Credits—most New Zealand adults already have at least \$175 per week of publicly-sourced income. (Indeed resident students and young job-seekers presently qualify for a weekly benefit of \$175.) For most employed people, the only immediate impact of such an accounting reform would be a change in the itemization on their pay-slips.

An attractive political option for one major political party in New Zealand would be, in lieu of a conventional

pre-election tax-cut, to go into the next election (scheduled for 2017) with a policy to introduce a minimum publicly-sourced income of \$175 per week, alongside a single-rate income tax of 33 percent, with nobody facing a reduced disposable income. If that Party was the more conservative National Party, then Labour, with its more progressive and egalitarian self image, could respond with, say, a 35 percent tax rate proposal and a commensurately higher minimum publicly-sourced income, such as \$200 per week.

New Zealand Party Politics in the 2010s

For the 2014 parliamentary elections, two out of eight represented parties tentatively included a Universal Basic Income in their policy manifestos: the Green Party (third largest party) and the small left-wing Mana Party, which is no longer represented, though for reasons unrelated to its advocacy of UBI. This means that Universal Basic Income has been widely perceived as a policy of the radical left. This perception is changing, however, with UBI (or UBI-like) proposals having become part of the mainstream discussion in European political discourse. New Zealand's Labour Party leader Andrew Little—who assumed that position in 2014—specifically mentioned "universal basic income" in the context of his "Future of Work" policy initiative (Green, 2015; Radio New Zealand National, 2014).

Despite the universalist rhetoric of its now-legendary 1938 Social Security reforms, the Labour Party's political instincts, then and now, have been to emphasize selective entitlements (conditional and income-tapered) over universal benefits. Labour's present instinct is to fund slightly more generous benefits by increasing the top rate of income tax. In 2000 the newly elected Labour-led government created a new 39 percent top tax rate, and subsequently increased payments of Family Tax Credits. The top rate of income tax reverted to 33 percent in 2011, under a National-led government.

It is difficult to see Labour committing itself to a single-rate income tax because of the long-term political fallout arising from Roger Douglas' proposal in 1987, when Douglas used "flat-tax" as code for "low-tax." Subsequently, in the 1990s, Douglas founded the neoliberal ACT Party, which represents the right-wing of New Zealand politics, and which

consistently advocates low flat taxes. Any language associated with Douglas is anathema to the present-day Labour Party. Further, the talk so far—as in an interview with Labour's present finance spokesperson Grant Robertson on the weekend of Labour's 2015 party conference (The Nation, 2015)—is of an easily accessed benefit that will tide workers over between periods of employment, rather than of an integration of taxes and benefits (Rankin, 2016b) conforming to equity principles.

Robertson, attending the OECD Future of Work Forum in Paris, appears unenthusiastic (Smellie, 2016), taking a workers' rather than a citizens' perspective. Labour's most recent floating of the idea of a universal basic income—through a background paper to its Future of Work project (Harris & Bierema, 2016)—has gained attention from the mainstream media. Eventually the conservative Prime Minister responded, saying "a 'universal basic income' is a 'barking mad' idea that would cost more than the country brings in from tax" (Davison, 2016). Basic income literacy remains low in New Zealand; New Zealand's welfare history is much celebrated but little understood.

The centre-right National Government may seem an unlikely bet to respond to Labour's Future of Work proposals with an equity dividend flat-tax proposal as I have outlined. The principal constraint here is a lack of political imagination rather than a surfeit of anti-universal ideology. However, the reality of coalition government—the norm in New Zealand since 1996—requires some intellectual accommodation on the part of conservative parties. Indeed, the National Party does have a history of embracing reforms instigated by other parties in government. The political partnership of the National Party and the more instinctively radical (yet business friendly) Maori Party could draw National into some reflection on this matter. Another possibility would be that National in 2017 might require the support of the Green Party or the moderately nationalist New Zealand First Party to form a government. It was the latter in 1998 which forced the restoration of New Zealand Superannuation as a genuine demogrant, a "universal pension with no form of targeting" (Preston, 2001, para 2). An adaptive UBI proposal in the nature of that outlined here (e.g., 33 percent tax, \$175 per week credit) could become the lesser price National would be prepared to pay to stay in

government.

Overcoming Inertia

An important lesson from 1938 is that New Zealanders tend to be most comfortable with modest benefits that are the same for all, with uncomplicated supplementary assistance for those who need more. Nevertheless "nineteenth century ideas about deserving and undeserving, while modified in the present, still provide restraints on present debates about New Zealand's welfare state, and limit governments in the troublesome task of welfare reform" (Belgrave, 2012, p. 4).

Another important lesson from 1938 is that progress is an adaptive process that unfolds over time, and not a "big bang" one-off policy reset. In the case of universal superannuation, a timetable was specified: an annual increment in the benefit, until a threshold was reached. In today's context, the timetable would be a commitment to prioritize the increasing of implicit benefits ("tax discounts") available to the low waged and the precariously employed, ahead of traditional tax cuts that give increased benefits to people on high incomes. Further, good benefit policy should include an indexing provision; for example, a formula to subsequently raise benefit amounts each year by at least the annual percentage increase of wages. An equity benefit—capital income, not a wage—could be indexed to gross national income per capita.

Philosophically-driven change struggles against political inertia and media cynicism. So does imagination. Universal Basic Income only seems radical to those who lack the capacity to appreciate what it is and what it isn't. Lacking imagination is not confined to the world of ideas. The notion today that a National Party Prime Minister might invite the Green Party to participate in government does not sit well with mainstream pundits who have framed the 2017 election as a set-piece contest between National and Labour-Green, with the New Zealand First Party becoming a likely "king-maker." It may be time that the Green Party accepted the role of power broker, and an adaptive Universal Basic Income could be the issue through which such a governing relationship is forged.

Likewise, novelty on fiscal (or monetary) matters tends to be seen as electorally risky, at least while the New Zealand

economy continues to grow when macroeconomic weakness prevails in many other countries. Comparative economic strength tends to exacerbate election-year inertia within governing coalitions. Nevertheless, New Zealand appears to have (on average) a nine-year political cycle; and timing which has coincided with global economic downturns. Changes of government took place in 1975, 1984, 1990, 1999 (after the Asian crisis which brought recession to New Zealand), and 2008. In each case, change was due to a mix of economic and non-economic factors; New Zealanders tend to tire of tired governments. The electoral challenge, then, in 2017 is for both Labour and National and to try to capture the people's imagination with some fresh ideas, while not allowing any socio-economic group to portray themselves as losers from policies that might arise from those ideas. While inequality is understood as the big issue of this decade, few voters will accept being at the paying end of a program that looks like income redistribution.

Universal Basic Income is too widely understood as representing a maximum as well as a minimum level of publicly-sourced income payable to citizens. So long as this perception remains, the chances of a basic income dividend for all adults being introduced in New Zealand are close to zero. To be an adequate maximum, the standard criticisms of unaffordability, "better things to do with the money," and "license to loaf" will apply. Rather, the public equity approach outlined—with a basic income to all that represents a minimum but not a maximum—stands to resonate, much as the idea of universal superannuation did in the 1930s.

An adaptive Universal Basic Income that represents more a change of imagination than an immediate redistribution of income stands to become popular so long as common misconceptions are promptly and plausibly refuted in the mainstream media. What a Universal Basic Income can do is firstly arrest the growth of income inequality, and secondly, create an opportunity for productivity gains to reverse the "winners take all" tendency of modern e-capitalism, creating less inequality alongside more productivity.

People with substantial market-sourced incomes will always be much wealthier than people reliant on publicly-sourced income. A Universal Basic Income helps to maintain a

healthy balance between these two income sources; one inherently unequal while the other—public equity—should be equal by definition. Because underlying public equity has increased with productivity gains, so should the total pool of public income have increased. New Zealand has both its history of universal welfare and the simplicity of its tax code to show how the application of public equity concepts to productivity growth might address capitalism's immediate distributional challenges. Liberal democracies work best when public property rights are recognized alongside private rights.

References

- Auckland Electricity Consumer Trust (AECT). (2016). *Who we are*. Auckland Energy Consumer Trust. Retrieved from aect.co.nz/about-us/who-we-are
- Belgrave, M. (2004). Needs and the state, evolving social policy in New Zealand history. In B. Dalley & M. Tennant (Eds.), *Past judgement, social policy in New Zealand history* (pp. 23-38). Dunedin: University of Otago Press.
- Belgrave, M. (2012). *Social policy history: Forty years on, forty years back*. Paper presented to the Affording our Future Conference, Wellington, 10-11 December. Retrieved from victoria.ac.nz/sacl/about/chair-in-public-finance/publications/pdfs/1.8-Belgrave-paper.pdf
- Castles, F. (1985). *The working class and welfare in Australia and New Zealand*. Wellington: Allen and Unwin.
- Coleman, P. (1987). *Progressivism and the world of reform: New Zealand and the origins of the American welfare state*. Lawrence, KS: University Press of Kansas.
- Davison I. (2016, March 23). John Key: Labour's universal income idea 'barking mad.' *NZ Herald*. Retrieved from www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11610662
- Easton, B. (2016, February 16). What is the problem with a universal minimum income? *Pundit*. Retrieved from pundit.co.nz/content/what-is-the-problem-with-a-universal-minimum-income
- Green, C. (2015, March 31). Case for universal basic income. *Otago Daily Times*. Retrieved from odt.co.nz/news/politics/337717/case-universal-basic-income
- Gustafson, B. (2013). Lange, David Russell - Labour's second term, from the Dictionary of New Zealand Biography. *Te Ara - the Encyclopedia of New Zealand*. Retrieved from www.TeAra.govt.nz/en/biographies/611/lange-david-russell/page-5

- Hanson, E. (1980). *The politics of social security*. Auckland: Auckland University Press.
- Harris, M., & Bierema, S. (2016). A Universal Basic Income for New Zealand [Background papers]. *The Future of Work*. Retrieved from www.futureofwork.nz/background_papers
- In praise of Human Guinea Pigs. (2015, December 12). *The Economist*. Retrieved from www.economist.com/news/leaders/21679799-doctors-use-evidence-when-prescribing-treatments-policymakers-should-too-praise-human
- James, C. (1992). *New territory: The transformation of New Zealand, 1984–92*. Wellington: Bridget Williams Books
- Kiwis as Guinea Pigs. (2015, May 23). *The Economist*. Retrieved from www.economist.com/news/business/21651858-small-technophile-country-great-place-test-digital-products-kiwis-guinea-pigs
- Labrum, B. (2009). The changing meanings and practices of welfare, 1840s to 1990s. In G. Byrnes, (Ed), *The new Oxford history of New Zealand* (pp. 389-422). Melbourne: Oxford University Press.
- Kelsey, J. (1997). *The New Zealand experiment: A world model for structural adjustment?* Wellington: Bridget Williams Books.
- McClure, M. (1998). *A civilised community: A history of social security in New Zealand 1898-1998*. Auckland: Auckland University Press.
- McClure, M. (2003). A decade of confusion: The differing directions of social security and accident compensation 1969-1979. *Victoria University of Wellington Law Review*, 34(2), 269-277.
- Mein Smith, P. (2012). *A concise history of New Zealand*. Cambridge: Cambridge University Press.
- Mishkin, F. S. (2013). *The economics of money, banking and financial markets* (10th global ed.). London: Pearson.
- Muldoon, R. (1985). *The New Zealand economy: A personal view*. Auckland: Endeavour Press.
- New Zealand Council of Trade Unions (NZCTU). (2014, February). How unequal is New Zealand? *CTU Monthly Economic Bulletin*, 154, 1-14. Retrieved from <http://union.org.nz/economicbulletin154>
- Preston, D. (2001, April 2). Super history: Understanding recent changes. *Good Returns*. Retrieved from goodreturns.co.nz/article/976486067/super-history-understanding-recent-changes.html
- Radio New Zealand National. (2014, November 20). *What policy changes will Andrew Little usher in?* [Audio podcast]. Retrieved from radionz.co.nz/national/programmes/ninetonoon/audio/20157838/whatpolicy-changes-will-andrew-little-usher-in
- Rankin, K. (1991). *The universal welfare state, incorporating proposals for a universal basic income* [Policy Discussion Paper 12]. Department of Economics, University of Auckland. Retrieved from keithrankin.co.nz/kr_uws1991.pdf

- Rankin, K. (1997). A new fiscal contract? Constructing a universal basic income and a social wage. *Social Policy Journal of New Zealand*, 9, 55-65.
- Rankin, K. (2006). New Zealand income tax policy 1973-1982 and its legacy. *New Zealand Journal of Taxation Law and Policy*, 12(1), 10-18.
- Rankin, K. (2012). New Zealand: Prospects for basic income reform. In M. Murray and C. Pateman (Eds.), *Basic income worldwide: Horizons of reform* (pp. 200-226). Basingstoke: Palgrave MacMillan.
- Rankin, K. (2014). *New Zealand's income tax in the rollercoaster Muldoon years: 1967-84*. Paper presented to the Asia-Pacific Economic and Business History Conference, Hamilton, New Zealand. Retrieved from apebh2014.files.wordpress.com/2014/02/rankin_muldoon2.pdf
- Rankin, K. (2016a, February 23). A universal basic income in New Zealand? *Evening Report*. Retrieved from eveningreport.nz/2016/02/23/keith-rankin-a-universal-basic-income-in-new-zealand
- Rankin, K. (2016b). Basic income as public equity: The New Zealand case. In J. Mays, G. Marston, and J. Tomlinson (Eds.), *Basic income in Australia and New Zealand: Perspectives from the neoliberal frontier* (pp. 29-51). Basingstoke: Palgrave MacMillan.
- Rankin, K. (2016c, May 5). *Public equity and social assistance*. Retrieved from keithrankin.co.nz/kr2016_Public-Equity_Social-Assistance_reform-steps.pdf
- Rankin, K. (2016d, In press). Australia and New Zealand. Parallel and divergent paths. In W. Coleman (Ed.), *Only in Australia: The history, politics, and economics of Australian exceptionalism*. Oxford: Oxford University Press
- Reeves, W. P. (1902). *State experiments in Australia and New Zealand*. London: Grant Richards.
- Royal Commission. (1972). *Social Security in New Zealand, report of the Royal Commission of Inquiry*. Wellington: Government Printer.
- St. John, S., & Rankin, K. (2009, March). Escaping the welfare mess? [Working Paper No. 267]. Economics Department, Business School, University Of Auckland. Retrieved from docs.business.auckland.ac.nz/Doc/Paper-Escaping-the-welfare-mess.pdf
- Smellie, P. (2016, January 11). Grant Robertson heading to Paris for OECD forum on future of work. *Wellington Scoop Business Desk*. Retrieved from wellington.scoop.co.nz/?p=85332
- The Nation. (2015, November 7). *On The Nation: Patrick Gower interviews Grant Robertson*. Retrieved from voxy.co.nz/politics/nation-patrick-gower-interviews-grant-robertson/5/236499
- The Treasury. (2016, May 26). *2016 Budget: Budget at a glance*. Retrieved from www.treasury.govt.nz/budget/2016/at-a-glance/b16-at-a-glance.pdf

Lessons from Sweden: Solidarity, the Welfare State, and Basic Income

ALMAZ ZELLEKE

NYU Shanghai

Progressive critics of a universal basic income argue that most nations face a budgetary choice between a full basic income and investment in public goods, including universal health care, free and well-funded education, and universal pensions, and have prioritized a robust welfare state, or the "Swedish Model," over basic income. But examination of Swedish economic policy reveals that the welfare state is only one of the ingredients of the Swedish Model, and that another is an interventionist labor market policy unlikely to be expandable to larger states without Sweden's cultural and demographic characteristics. Indeed, evidence suggests that Sweden's own recent diversification—not only of race and ethnicity but of occupational strata—will make the Swedish Model less stable in its own home. What lessons can be applied to the case for a basic income in the U.S. and other large and diverse nations or regions?

Key words: *Sweden, basic income, welfare state, Swedish Model*

Progressive critics of a basic income argue that governments should prioritize the public provision of goods and services over a basic income, pointing to the Swedish welfare state in particular as a model for the U.S. to emulate. Late economist Barbara Bergmann (2002, 2006, 2008, 2014) was a prominent champion of the Swedish-style welfare state as an alternative to basic income. Sociologist Lane Kenworthy (2014) makes a similar argument in a book promoting the broader version of the Swedish Model that includes some of its labor market policies, in addition to extensive public provision of goods and services. Nicolas Colin and Bruno Palier (2015) argue in favor of a variant of the Swedish Model—Danish "flexicurity"—over basic income and guaranteed jobs in the face of a future of "lousy" jobs.

Bergmann, in particular, advocated a Swedish-style

welfare state, with publicly provided universal health care and childcare; high-quality, subsidized housing and college; and high spending on public transportation and schooling. Bergmann prioritized public provision over a generous basic income for three interrelated reasons, which can be characterized as budgetary, paternalistic, and feminist objections to a basic income. Bergmann argued that it would be impossible, or at the least, highly unlikely, for the U.S. to finance a basic income that would allow all to afford these goods on their own, regardless of how many children or special medical needs they had, and whether they were single parents or not (the budgetary objection). Even if the basic income were high enough, she argued, some recipients would spend their money on other things and not on what they ought to spend it on (the paternalistic objection). And if a basic income were high enough to allow parents to support all their children, she feared that it would encourage women to withdraw from the labor force, and that would have negative effects for gender equality (the feminist objection).

Kenworthy, while conceding that the idea of basic income has some merit, argues that a generous basic income would reduce employment and the tax base necessary to finance government functions, including those public goods that only government can provide—infrastructure, public safety, education, and a strong safety net—and which should take precedence over the freedom-maximizing potential of a basic income. Colin and Palier argue that basic income seeks to replace the entrepreneurial, wage-based economy, while a generous in-kind welfare state complements it, by providing the cushion that makes the inevitable intermittent unemployment of a dynamic, innovating economy tolerable to workers.

These authors and many others point to the likely substantial cost of a basic income and the significant political and economic difficulties involved in moving a large, liberal market economy like the U.S.'s in the direction of a universal basic income, but they underestimate the difficulties of moving the U.S. in the direction of a Scandinavian welfare state. I have addressed several of these objections to a basic income elsewhere (Zelleke, 2005, 2007, 2008, 2011, 2015) and will not repeat those arguments. My aim in this essay is to examine the details of

the Swedish Model beyond the usual shorthand of generous public sector benefits and high taxes, to uncover other aspects of the model that might suggest whether and how it could be applied to larger and more diverse entities like the U.S. and the European Union. In fact, the Swedish Model has not expanded beyond its Nordic neighbors (with the possible exception of the Netherlands) and has been in retreat in Sweden itself since the 1980s. But the story of its development is a fascinating one, and suggests why the more explicit redistributionism of a basic income—exactly the thing that leads many skeptics to believe it couldn't possibly succeed in the U.S.—might in fact be the key that leads to a more durable and sustainable foundation for egalitarian welfare states than the Swedish Model.

The Nordic Context

While I focus in this article on Sweden, the paradigmatic example of a comprehensive welfare state, Sweden shares many characteristics with the other Scandinavian, or Nordic states: Denmark, Finland, Norway, and Iceland. The Nordic nations are consensual democracies, in which political activity aims to defuse conflict and achieve consensus (Hilson, 2008). The goals of consensus and compromise are facilitated by historical, cultural, and socio-economic features of the Nordic region, including their histories of constitutional monarchy and parliamentary democracy (except for Finland), their lack of serfdom, their late but swift industrialization, their small size¹, and their overwhelming religious homogeneity². Their geographic location between continental Europe and the former Soviet Union (excluding Iceland) embodies their search for a "third way" between capitalism and communism, and the confluence of interests between workers and small farmers facilitated the political compromises between these groups and capitalists in the formation of their political economies in the first half of the 20th century (Hilson, 2008). Thus, while the Nordic states are now hailed as among the most egalitarian in the world, and credit for this fact is implicitly ascribed to their welfare state institutions and policies, their histories and culture reveal that their welfare states evolved from more egalitarian, less socially fragmented starting points at the

beginning of the 20th century than either their continental neighbors to the south, including Germany and France, or the U.K. and U.S. further away.

The Swedish Model

The Swedish Model is often characterized as a comprehensive welfare state with a strong commitment to full employment for all its members. While this is accurate, a closer examination demonstrates that the Swedish Model involves more than that, including political and economic policies that are usually overlooked. There are four crucial elements to the Swedish Model, but references to the Swedish Model tend to emphasize only two of them: benefit programs, including public provision of goods and services and cash benefits; and the tax regime necessary to finance them. Equally important not only to the success but to the very existence of the Swedish Model are its system of market regulation, and the cultural and demographic factors that provide the foundational material of its political and economic institutions and delimit the policy options available to politicians and voters. A closer look at all these factors suggests that if the Swedish welfare state is the goal, a basic income may not only not be an obstacle, but a necessary step to its achievement.

Cultural, Historical, and Demographic Factors

The cultural and religious homogeneity of Sweden during the development of its welfare state, along with its small population, are well known, but it is instructive to explore these demographic markers in detail. Sweden has fewer than 10 million people; in comparison, the U.S. has over 300 million people, the U.K., France, Germany, Italy and Spain have between 40 and 90 million, and the European Union as a whole has 500 million. Religious affiliation rates are declining everywhere, but the Lutheran Church of Sweden—until 2000 the state church—claims 70% of the population as members. In contrast, Protestants of all denominations make up only 50% of the U.S. population; Germany has roughly the same numbers of Catholics and Protestants, with each making up about 30% of the population; and French Christians, the

majority of whom are Catholic, make up only about half of the population. More importantly, at the turn of the 20th century when the foundations of the contemporary Swedish welfare state were laid, Lutheran affiliation in Sweden would have been almost universal.

The Church of Sweden was founded in the 16th century, and the lack of competing denominations during the development of Swedish democracy had significant political and social implications. The unchallenged supremacy of the Lutheran church obviated the need for religiously-aligned political parties, leading to a secularism in its political culture that distinguishes it from some of its larger European neighbors to the south. It also led to a fusion of church and state priorities in line with Lutheran egalitarianism, which is based on the idea of "a priesthood of all believers," as opposed to a clerical hierarchy, and which could not coexist with large and visible inequalities of wealth and power (Thorkildsen, 1997). In the context of Lutheranism's emphasis on daily work and the maintenance of order, unemployment is not only a social or economic problem but, in the words of historians Øystein Sørensen and Bo Stråth, "almost a sin" (Sørensen & Stråth, 1997, p. 13). In other words, it is not only Sweden's homogeneity, but its particularly Lutheran homogeneity, that formed the background to the development of its solidaristic and egalitarian welfare state, leading some analysts of Nordic social democracy to go so far as to characterize it as "secularized Lutheranism" (Østergård 1997, p. 69; see also Sørensen & Stråth, 1997).

On the political front, Sweden enjoyed a relatively peaceful transition from absolute monarchy to democracy, in contrast to France, Germany, the U.K., and the U.S. Aristocratic privileges in 19th century Sweden were focused on access to civil service positions—positions in service to the nation—rather than on large landholdings (Tsarouhas, 2008). Sweden's agricultural sector was made up of a mix of large and small farmers, rather than serfs and lords, and its freeholding peasants form the core of the mythical Swedish folk—the idealization of the common man in Swedish society that played a large part in the development of Swedish social democracy (Berman 2006; Sørensen & Stråth, 1997; Tsarouhas, 2008). Peasants enjoyed representation in the Diet from the 15th century until estate-based

representation was replaced in the 19th century by electoral representation (Sørensen & Stråth, 1997; Kaufmann, 2013).

This history has two important legacies. First, the existence of a large and politically recognized agricultural sector balanced the voice of labor in the industrial sector that developed in the late 19th and early 20th centuries, causing the government to develop benefit programs in a universal, rather than strictly laborist fashion (Gustafsson, 2008). For example, as pensions for the elderly were debated in the first decades of the 20th century, the coalition between agrarian and proletariat parties led to the rejection of the Bismarckian worker-centric pension model in favor of one that covered the entire population (Kaufmann, 2013)³. Second, the state's own reformist tendencies obviated the need for revolutionary struggle against the state, fostering the country's consensualist political tradition (Trägård, 1997).

Political scientist Lars Trägård calls Sweden an "associative democracy" because of its tradition of using local parish councils and stakeholder input to study and come to consensus on social and economic matters (Trägård, 2007). For example, from the late 19th century on, local labor exchanges were run jointly by unions, employers, and local officials, and government commissions made up of different stakeholders continue to play a large role in Swedish policy making (Rothstein & Trägård, 2007; Trägård, 2007). This characterization should not obscure the political and economic unrest faced by Sweden in the late 19th and early 20th centuries. Despite (or because of) a strong union movement linked with the birth of the Social Democratic Party (the Sveriges Arbetarparti, or SAP) in 1889, Sweden suffered from significant labor unrest and became known as the "strike capital" of the Western world (Berman, 1998, p. 43; Micheletti, 1995, pp. 46-49). Nevertheless, its Lutheran orientation toward work, its generally benign state apparatus, and its small scale—which facilitated the development in 1898 of the federation of unions called the Landsorganisationen (LO), followed four years later by the federation of employers, the Svenska Arbetsgivareföreningen (SAF)—set Sweden on a particular path of compromise, moderation, and consensus that dominated Swedish politics for three quarters of a century. In Rothstein and Trägård's (2007) words,

To speak in the language of contemporary historical institutionalism, a series of relatively small and contingent events, occurring at a very early point in the process of modernization and democratization, produced large consequences. The success of early democratic neocorporatism set Sweden on a particular path of institution making when it came to state-civil society relations. Subsequent successes produced, in Paul Pierson's language, "increasing returns," further strengthening these institutional arrangements. (p. 249)

Market Regulation

The story of Sweden's high levels of unionization and the political dominance of SAP are often told, suggesting that a strong labor movement and a successful and sympathetic political party are the keys to the Swedish Model, but this narrative omits the critical part played by Sweden's distinctive system of market regulation in the development of the Swedish model. Several milestones in the development of the Swedish system of market regulation are worth recounting.

The existence of the labor and employers' federations, along with a pragmatic, rather than ideologically rigid workers' party in SAP—which would begin an unparalleled 40-year period in government in the 1930s—set the stage for the broad-based coordination of economic policy that became the defining feature of the Swedish Model in the first half of the 20th century. LO's close relationship with SAP, along with SAP's strategic decision to broaden its identity from a workers' party to a people's party, strengthened the hand of the labor movement in its negotiations with employers—to a point. Nevertheless, the early years of the 20th century saw a high level of labor strife. In the 1906 "December Compromise," LO and SAF came to the first of a series of landmark agreements, with LO recognizing employers' rights to run their companies in exchange for the unions' rights to organize and bargain collectively (Tsarouhas, 2008, p. 43). This negotiation signaled a disagreement between LO and SAF—over labor's part in the management of firms—that was to re-emerge more than once in the following decades.

Nineteen-thirties Sweden saw the highest level of labor

unrest of any nation (Standing, 1988) and attempts by the government to intervene. Instead, LO and SAF agreed to negotiate wages and work conditions independently of the government. Named for the town in which it was negotiated, the Saltsjöbaden Agreement of 1938 began a period of bilateral negotiation between labor and capital that was to last until the 1970s. The agreement contained the seeds of the centralized bargaining between unions and employers that was to come in the 1950s (Högfeldt, 2005), but it also represented the failure of LO's efforts, for a second time, to win German-style labor representation in firm management (Tsarouhas, 2008). Political scientist Michele Micheletti (1995, p. 63) calls it the beginning of the "labor market cold war" that lasted until *détente* collapsed in the 1970s.

The Saltsjöbaden Agreement was followed in 1944 by the SAP-led government's expressed commitment to promoting full employment, defined as frictional unemployment of only 2%. This was to be achieved by stimulating private investment, socializing consumption, and an active labor market policy—helping workers to transition from failing to rising industries and firms (Standing, 1988). Then, in 1951, two LO economists developed what came to be known as the Rehn-Meidner model. The Rehn-Meidner model addressed the dilemma of how to achieve full employment without creating unmanageable inflation, which neither labor nor capital wanted. The solution to this dilemma was a negotiated compression of the wage scale, with equal pay for equal work set at a high level, regardless of the profitability of the individual firm. This solidaristic wage policy moderated wage differentials and wage increases, reducing financial incentives for workers to jump from firm to firm in search of higher wages. Wage compression hastened structural adjustment by forcing unproductive firms that could not afford the effective minimum wage out of business. The model also endorsed the government's adoption of an active labor market policy to retrain and redeploy workers from failing firms, and from regions with few jobs to the cities where jobs were available.⁴ The Rehn-Meidner model set the stage for the SAF's invitation to LO to begin centralized labor negotiations at the industry, rather than firm level, in 1952.

The Rehn-Meidner model sought to manage the labor market in favor of high, stable wages for its members, while sacrificing potentially larger gains for some workers in the interests of the stability of the entire system. Is such a strategy the cause or the effect of social solidarity? It is likely to have been both—possible because of the shared interests of mostly male industrial workers in the "Golden Age" of strong, post-war growth, and reinforcing of their solidarity as long as it was seen as contributing to continued growth. It is important to note as well, however, that the Rehn-Meidner model once again signaled labor's acquiescence, at least for the time being, in a capitalist economy with a high concentration of private ownership and management of capital (Tsarouhas, 2008).⁵

As will be discussed below, the unresolved tension underlying these agreements remained submerged only until the 1970s, when cultural, demographic, and economic changes undermined the conditions that made them possible. But first, it is instructive to compare the timeline of the development of the benefit programs we think of as central to the Swedish Model to that of the system of labor market regulation that is sometimes left out of references to the model.

Development of the Swedish Welfare State

This remarkable set of agreements on labor market regulation between employers, labor, and the government coincided with the development of the welfare state programs characteristic of the Swedish Model. In 1913, Sweden established the first universal pension, comprised by a social insurance system of pension benefits financed by contributions, to be phased-in for current workers, and a system of need-based, means-tested pensions, which immediately covered all elderly poor, regardless of whether their employment was in the agricultural or industrial sector (Hagen, 2013). This dual system evolved into a universal, flat "people's pension" after WWII, in 1946, with benefits no longer means-tested or linked to contribution levels (Hagen, 2013, pp. 31-33; see also Kaufmann, 2013, pp. 128-129; and Tsarouhas, 2008, pp. 51-52).

The next phase of development was in the period around WWII, and centered on policies to raise the birth rate, including marriage loans and maternity relief to help the poor finance

family life, introduced in 1937 (Trägård, 1997), followed by universal child benefits in 1948. Universal health insurance was introduced in 1955, providing access to private health care providers for all Swedes; in 1968, the medical system was largely socialized, with health care providers becoming state employees.

At the height of the Golden Age, with rising post-war wages leading to concerns about the adequacy of the flat "people's pension," a supplementary system of contributory pensions was restored, securing a pension of 60% of average income during the 15 highest earning years for those who had worked for at least 30 years (Hagen, 2013, pp. 38-43). In 1965, the "million homes" affordable housing program was established to address the shortage of decent housing in Swedish cities and to reduce the costs of labor mobility. Maternity benefits were introduced in 1962, were later extended to fathers as well, and were increased again in the 1970s, and state-subsidized child-care, first established in the 1960s, was greatly expanded in the early 1970s. Together with the switch from joint to individual taxation of couples in 1971, Sweden's generous parental benefits—available only to those who are employed—has given it one of the highest female labor participation rates in the world, with an employment rate for working-age women of 74% in 2015. (Only Iceland's and Switzerland's rates—82% and 76% in 2015, respectively—are consistently higher than Sweden's. In comparison, the 2015 rate for U.S. women was 63% [OECD, 2016a].)

Prior to WWII, unemployment benefits were financed and administered by the unions, but state subsidies to the plans began in the 1930s and grew rapidly after the war. In 1974, employers were required to contribute, and in 1979 the system was extended to all workers, financed by payroll taxes and administered by the unions. The 1970s also saw the expansion of public sector employment in Sweden, which coincided with the entry of women into the employment sector in large numbers; public sector employment accounted for almost 40% of Swedish women's labor participation in 1970 (Flanagan, 1987, p. 128), reached a high of about 60%, and now, after a period of budget cuts, accounts for roughly 50%, compared to 20% for men (Statistics Sweden, 2012, p. 59). As a

result of its active labor market policies and large public sector, Sweden has among the highest employment rates in the developed world, at 75% in 2015, compared to 69% in the U.S. (OECD, 2016a).

To summarize, prior to WWII, the Swedish welfare state included only need-based pensions and the beginnings of contributory pensions, and union-run unemployment insurance. At that time, it was closer to a social insurance and residualist social assistance model than to the more universalistic model it developed into in the prosperous post-war period (Hilson, 2008). After the war, universal health care, pensions, and children's allowances were implemented, followed by active labor market policies in the 1950s and 1960s to support the three-way consensus by labor, capital, and the government to pursue full (male) employment while moderating inflationary pressures through a solidaristic wage policy. Public day care and parental leave policies, first implemented in the 1960s, expanded in the early 1970s and, together with the shift in tax policy, encouraged women to enter the work force in large numbers, leading to Sweden's reputation as a highly gender-egalitarian universalist welfare state.⁶ However, it was when the Swedish welfare state shifted from a social insurance model based on a male-breadwinner to a universalist model with a goal of male and female full employment that the Swedish Model began its decline.

Challenges to the Swedish Model

The 1970s brought a number of challenges to the Swedish political economy. Some disruptions were felt by other advanced economies, including the oil shocks, women's increasing demands for equality and economic opportunity, and the transition to a post-industrial economy. Some of the most important challenges to the Swedish model were internal, however. LO—a male-dominated, blue-collar union federation—reacted to the economic disruptions by shifting from a strategy of labor market security, in which employment, but not particular jobs, is protected, to one of employment security, in which employees were protected from losing the jobs they held. In the face of the decreasing importance of manufacturing to the economy, LO abandoned its former

commitment to equal pay for equal work in favor of a more general commitment to equality of wages, a less tenable goal in a post-industrial economy characterized by increasing automation, a growing public sector, and the rise of the knowledge worker. In addition, the government retreated from its post-war policy of allowing structural adjustment to occur on its own and adopted a more interventionist economic policy, subsidizing failing firms in the hopes of having them emerge from what were viewed as cyclical downturns (Hilson, 2008; Standing, 1988).

Finally, both LO and their SAP allies abandoned their agreement with employers to leave labor market regulation to negotiations between unions and employers, legislating regulations to make employment more secure. Legislation enacted in the 1970s created seniority protections and made it much harder to dismiss employees, and mandated the board representation and input into work rules LO had long sought for the unions, though management remained in control of firm decisions (Högfeldt, 2005, pp. 545, 552). In 1976, LO sought legislation to create "Wage Earner Funds" designed to capture some of the profits earned by the most profitable firms, which benefited from LO's imposition of wage restraint on their workers. The plan was to transfer a portion of firm profits to the collective ownership of firm employees up to a small majority—52%—of shares over time. The attempted legislation of Wage Earner Funds was seen by SAF as a violation of the agreement to negotiate independently of government, not to mention of the underlying bargain around a form of regulated capitalism, rather than socialism (Meidner, 1993; Standing, 1988, pp. 139-144). Furthermore, the plan failed to generate widespread popular support since it was limited to industrial workers in the most competitive firms (Tsarouhas, 2008).⁷ SAF withdrew from centralized bargaining in 1983.

This breakdown in the system of labor market regulation can be attributed to strategic missteps by LO and SAP, or to secular changes in global economic conditions over which the Swedes had little control, but they expose the underlying instability of the bargain made between labor, capital, and government in the earlier decades of the 20th century. As LO Economist Rufolf Meidner, one of the architects of the

Rehn-Meidner model, notes, the solidaristic wage policy was unable to meet the challenges of the post-industrial economy, as LO failed to maintain consensus around wage differentials for different kinds of work (Meidner, 1993).⁸ More importantly, the halo around the Swedish model obscures the opposition of employers during its development. Throughout the 20th century, Swedish employers resisted many of the moves to make the welfare state universalistic, rather than status-specific. While employers were defeated in the post-war Golden Age, when Sweden and the rest of Europe reaped the benefits of peace and reconstruction in the form of robust economies, LO and the SAP leadership of the 1970s (when Olof Palme was prime minister) seem to have underestimated the opposition by owners of capital to their ultimate goal of not only political and social democracy, but economic democracy as well (Högfeldt, 2005).

According to economist Peter Högfeldt, SAP's long-standing bargain with Sweden's capitalists was predicated not only on maintaining capitalist control of Swedish industry, but on maintaining a particularly concentrated form of ownership that brought stability and predictability to the Swedish economy. Throughout the 20th century, SAP policies in banking and taxation reinforced capital concentration among a small group of owners and a stable group of large, export-oriented "national champions," as opposed to encouraging broad distribution of capital and disruptive entrepreneurship (Högfeldt, 2005, p. 542). According to political scientist Michele Micheletti, the period of cooperation between LO and SAF rested on their agreement on shared means of full employment, low inflation, and economic restructuring in support of divergent goals—of promoting high standards of living for workers, in LO's case, and of promoting international competitiveness, for SAF. When changing economic circumstances called for different means, their underlying differences came to the fore (Micheletti, 1995).

Full employment remains a goal of Swedish economic policy, and work incentives remain strong given the high tax rates that reduce take-home pay, but protective employment regulations make shirking and absenteeism a problem for employers. Full employment has proved elusive since the 1970s,

and has given way to increasing labor market segmentation between those with full-time work and part-time workers who want more hours, and between those in protected jobs and those in active labor market programs (Gustafsson, 2008). Young adults, immigrants, and older workers are increasingly relegated to training programs and involuntary early retirement, artificially lowering the official unemployment rate—currently 8%—according to skeptics (OECD, 2016b). Active labor market programs reflect the continuing commitment of the government and society to the goal of full employment, but they look increasingly like substitutes for jobs, rather than transitions to them.

Full employment is critical to the Swedish Model for two reasons. The high cost of the welfare state requires high taxes to finance it—taxes that come predominantly from income taxes, rather than other sources, like corporate or wealth taxes. This tax structure requires a broad base of workers, particularly with the aging population Sweden shares with its European neighbors. Second, the social solidarity underlying the universalism of the welfare state is inextricable from the full participation of Swedes in making the welfare state possible. A strong norm of reciprocity is the foundation of the model, and it is difficult to see how the universalistic welfare state—already under retrenchment in the face of a less robust economy—survives without it. Sweden's welfare state has in the last 20 years moved in the direction of stricter guidelines for eligibility and lower income replacement rates—away, that is, from the welfare state's "equality of the highest standards," in Esping-Andersen's words (1990, p. 27), and toward more modest benefits and small steps toward privatization in schools, pension funds, and healthcare—including school vouchers and partial privatization of the government pension system, which even Republican President George W. Bush failed to enact in the U.S.

The Swedish Model in its heyday combined the goals of full employment, economic growth, and social and economic equality. The model was supported by cultural and historical factors unique to Sweden and its Nordic neighbors, including their small size, Lutheran homogeneity, and the trajectories of their industrialization processes, but it was achieved through

the ability and willingness of its major economic and political groups to compromise and create a consensus for socialization of income and consumption, concentration of private ownership of capital, regulation of markets, stability, and the sublimation of individual economic ambition for the greater good. The Swedish Model has proven adaptable, with elements of the bargain reassessed and revised as economic circumstances warrant. It remains to be seen how much adaptation in the direction of a more liberal welfare regime the Swedish Model can absorb while retaining its universalistic distinction.

Lessons from Sweden

I began this essay by suggesting that the Swedish Model includes more than just generous and universalistic benefit programs and the high taxes that pay for them. As described above, the background conditions of the model that emerged in 20th century Sweden include a small, homogeneously Lutheran population; a largely independent and politically respected agricultural sector; a consensualist political tradition built on a reformist, rather than revolutionary, evolution to democracy; a parliamentary form of government; consensualist and coordinated economic policy; and high levels of unionization. For a political theorist, the emphasis on consensus in the Swedish Model—whether on coordination of the labor market, as Meidner (1993) describes, or on universalism in benefits and labor force participation, as Pontussen (2011) describes—evokes nothing so much as the social contract theory of French philosopher Jean-Jacques Rousseau. As political scientist Lars Trägård notes, Scandinavian political culture is democratic, not liberal—marked by centralized power, uniformity, and an inclusive, participatory democracy through which the "general will" can be uncovered and implemented. The Swedish citizen is, he argues, "perfectly independent of all his fellow citizens and excessively dependent on the republic" (Trägård, 1997, p. 261.) Historian Henrik Stenius characterizes the Nordic form of democracy similarly, not as a balancing of opposing interests, but as a quest to express the true interests of the people, and founded on the belief that "a people is happy when it can pass laws on its own and then make a commitment to obey

them" (Stenius, 1997, p. 170).

This Rousseauian characterization of Nordic political culture suggests the limits of its applicability as a model for emulation elsewhere. As Stenius notes,

In Southern Europe the concept of citizenship meant that each individual had the same relation to the state despite the diversity in their ethnicity and social standing. In the Nordic countries, individuals were citizens because people were similar to each other socially, ethnically, and religiously. (1997, p. 167)

Perhaps, then, it should come as no surprise that the Swedish Model has not been widely emulated in Europe. In fact, since the 1990s, while the country has attempted to maintain the core commitments to full employment, active labor market policies, and universal health care, pensions, and childcare, the Swedish welfare state has moved more in the direction of reducing benefits than Europe has moved toward embracing the Swedish Model (Kaufmann, 2013).

Could the Swedish Model be adapted to a large and diverse liberal state, like the U.S.? In other words, is it possible to transplant some elements of the Swedish Model to a nation with a different cultural and demographic profile? Certainly, other European nations with larger and more diverse populations than the Nordic nations have managed to provide universal healthcare and education, child allowances, and good public infrastructure to their citizens without Sweden's bilateral labor negotiations or solidaristic wage policy, but they have done so in conjunction with other kinds of coordinated labor and economic policy—a very inflexible labor market (in the case of France) or firm-level co-determination (in the case of Germany), for example. Few European nations have universal childcare, though, a crucial factor in Sweden's high female labor force participation rate, both on the supply side (making work possible for mothers) and the demand side (making jobs available for women). In other words, while the level of social provision in Europe may be generally higher than it is in the U.S., the particular mix of benefits, labor policies, and market regulations reflect cultural and national differences in priorities, strategies, and goals, and add up to different packages in

each nation. Critical elements of the Swedish Model are not only missing from the U.S. context but incompatible with its liberal market economy and political separation of powers. The U.S. lacks both a strong commitment to full-employment and a consensus in favor of an expensive welfare state, it substitutes the "wage discipline" of unemployment for self-moderation in wage demands by the labor sector, and it lacks (and in some cases legally prohibits) the consensual cooperation of unified labor, capital, and political actors on wages rates and industrial policy.

Since the publication of Thomas Piketty's *Capitalism in the Twenty-First Century* (2014), it is hard to escape the sense that all employment-based welfare states are as exceptional as the Swedish welfare state. As his data suggests, their development coincided with an extraordinary period in economic history during which economic returns from capital were at historic lows and economic returns to employment were at historic highs. While the Swedish welfare state succeeded in socializing employment income through its full employment and solidaristic wage policies and socializing consumption through its provision of public goods, it did little better than other European states at durably socializing capital (Piketty, 2014, pp. 344-347)⁹, and indeed seems deliberately to have chosen not to socialize capital, much to the chagrin of the labor movement. If we are now in a period of declining returns to employment and increasing returns to capital, as Piketty suggests, the Swedish Model, however attainable it might or might not be by other nations or regions, may have outlived its usefulness as a model for other nations to emulate.

Lessons for the U.S.

It goes without saying that the adoption of a Swedish-style welfare state would herald a marked improvement in the lives of millions of Americans who live in poverty, who face repeated and extended bouts of unemployment, who remain uninsured despite the passage of "Obamacare," and who struggle to find and afford the childcare that would make holding on to low-wage jobs easier. But given the cultural and demographic foundations of the Swedish Model, is it plausible to expect the adoption of that kind of welfare state in the U.S.? If so, given

that we are in the realm of fairly utopian thinking anyway, might we be more ambitious?

To the first question, it is clear that the U.S. has a very different cultural, historical, and political context than Sweden: a population 30 times its size; racial, ethnic, and religious diversity far beyond that in Sweden; a federalist, presidential political structure designed by our founders to foster competition, rather than a centralized, parliamentary government designed to foster compromise; less trust in government and collective action, and more faith in individual initiative and achievement due to our revolutionary history and to waves of immigration of groups persecuted and marginalized by their former governments; and the pernicious legacy of slavery. Slavery's legacy is multifaceted, and has not only marked African-Americans for continuing violence, theft, disenfranchisement, and discrimination, but has contributed to the development of American political and economic institutions in ways that make the expansion of the welfare state much more difficult than in European nations. Not only did the institution of slavery create an early and enduring division between the economies of the northern and southern states, it was only dismantled through a brutal and devastating civil war, the outcome of which, it is fair to say, has not been fully accepted by the losing side. The argument that the kind of reciprocity between labor and capital embodied in the Swedish Model is a strong value in the U.S. can only be made in willful disregard of the continuing economic and political subjugation of African-Americans (not to mention the immigrants from Latin America who are the foundation of our agricultural sector) 150 years after the end of slavery.

Even setting aside the question of race in theory—impossible as it would be in practice—the forms of consensus around economic issues that underlie the Swedish Model are, quite simply, entirely absent in the U.S. Instead of a consensus around egalitarianism and a regulated market, our founding mythology centers on a natural aristocracy of merit, free markets, and negative liberty, rather than a Rousseauian positive liberty. We never had anywhere near the degree of unionization in the U.S. that Sweden enjoys,¹⁰ nor do we have the stable concentration of capital ownership that Sweden has,

or the parliamentary political system that would foster the creation and durability of a consensus around these important issues.

When we examine the welfare state the U.S. was able to institutionalize in the 20th century, we can compare the nation's success at providing universalistic benefits through public provision and through cash. The benefits we provide in kind—public primary and secondary schooling, and low-income housing—were deliberately segregated by race at the outset, and remain largely segregated today, despite the outlawing of outright racial segregation, through economic and residential segregation. In addition, the federal government's expansion of Medicaid—federally-funded, but state-implemented health care for low-income Americans—continues to be resisted by 19 states, including most of the states in the old slaveholding south that continue to have large African-American populations. Welfare state institutions in the U.S. that are administered by the states are often administered in discriminatory and unequal ways. Could we expect public provision of child-care to be any different?

If we look at cash benefits, it is true that in the case of Social Security, our federally-implemented contributory old-age pension, African-Americans were excluded from participation through limitations on the employment covered by the Social Security Act of 1935; at the time, African-Americans were disproportionately employed in agriculture and domestic employment, and those two industries were excluded as part of the compromise with southern Senators necessary for the act's passage. By 1954, however, the Act had been amended to include those two industries—partly to expand the base of contributors to pay for the pay-as-you-go benefits—with the result that African-Americans are now included in Social Security on exactly the same terms as white Americans. In the words of political scientist Robert C. Lieberman, it was ironic that "the exclusionary Old-Age Insurance program of 1935 became, by the 1960s, perhaps the closest thing to a race-blind social program the United States has ever known" (Lieberman, 1998, p. 67).¹¹

While we lose a sense of solidarity due to our large size, our diverse population, and our federal and presidential

political system, the example of Social Security shows that when a universalistic, national cash transfer program is enacted, it can overcome our legacy of racial discrimination to generate an egalitarian program with political durability unmatched, apparently, even by elements of the universalistic Swedish welfare state. In a country with an enduring legacy of state-level racism, federally-administered cash benefits are likely to be distributed in a more egalitarian way than direct public provision, which is always locally implemented. It is more consistent with our liberal, individualistic political culture—and would at the same time be more disruptive to our enduring system of racial and economic segregation—to provide lower income Americans (a disproportionate number of whom are African-Americans and Latinos) with the means to move to schools, cities, and industries through which they can escape the ghettos to which their reliance on public housing and locally-administered benefits confines them.

To move on to the second question, an advantage the U.S. has over Sweden is that, like countries that skipped laying copper phone lines and went straight to cell phones, the U.S. can go straight to the problem of capital concentration without going through the step of setting up a comprehensive employment-based welfare state. Piketty's data on increasing inequality in the U.S. and Europe since the 1970s makes a strong case that economic inequality can only be durably reduced through redistribution of income, wealth, and bequests, and not through full-employment and the socialization of consumption alone (Piketty, 2014). True and enduring economic equality will require the redistribution of capital as well as income and benefits in kind, either through the socialization of capital through public ownership, or through a system of universal dividends. A universal, unconditional, and individual basic income is not the only way to provide citizens with economic security, but in the American context, with our particular social, political, and economic history, it seems likelier than the successful implementation of a comprehensive, solidaristic, and universalistic welfare state like Sweden's.

Acknowledgements: I wish to thank the participants at the Fifteenth Congress of the Basic Income Earth Network (BIEN) at McGill

University School of Law in Montréal, Canada in June 2014 and Sheri Berman for comments on an earlier version of this essay, Richard K. Caputo and Michael A. Lewis for comments on this version of the essay, and James Bromley for research assistance on its revision.

References

- Bergmann, B. (2002). *A Swedish-style welfare state or basic income: Which should have priority?* Paper presented at the inaugural U.S. Basic Income Congress, New York, NY. Retrieved from <http://www.usbig.net/papers.php>.
- Bergmann, B. (2006). A Swedish-style welfare state or basic income: Which should have priority? In E. O. Wright (Ed.), *Redesigning distribution: Basic income and stakeholder grants as cornerstones for an egalitarian capitalism* (pp. 130-142). New York: Verso.
- Bergmann, B. (2008). Basic income grants or the welfare state: Which better promotes gender equality? *Basic Income Studies*, 3(3), 1-7.
- Bergmann, B. (2014, April). Why Sweden, not Switzerland, should be America's social welfare model. [Interview on *PBS Newshour*]. Retrieved from <http://www.pbs.org/newshour/making-sense/sweden-switzerland-americas-social-welfare-model/>
- Berman, S. (1998). *The social democratic moment: Ideas and politics in the making of interwar Europe*. Cambridge, MA: Harvard University Press.
- Berman, S. (2006). *The primacy of politics: Social democracy and the making of Europe's twentieth century*. Cambridge: Cambridge University Press.
- Colin, N., & Palier, B. (2015, July / August). Comment: The next safety net: Social policy for a digital age. *Foreign Affairs Anthology Series: The Fourth Industrial Revolution*, 29-33.
- Esping-Andersen, G. (1990). *The three worlds of welfare capitalism*. Princeton: Princeton University Press.
- Flanagan, R. J. (1987). Efficiency and equality in Swedish labor markets. In B. Bosworth & A. M. Rivlin (Eds.), *The Swedish economy* (pp. 125-184). Washington, DC: Brookings Institution.
- Gustafsson, B. (2008). The Swedish model in the era of integration and globalisation. In L. Costabile (Ed.), *Institutions for social well-being: Alternatives for Europe* (pp. 176-197). New York: Palgrave Macmillan.
- Hagen, J. (2013). *A history of the Swedish Pension System*. Uppsala Center for Fiscal Studies Department of Economics Working Paper 2013:7. Retrieved from <http://uu.diva-portal.org/smash/get/diva2:621560/FULLTEXT01.pdf>
- Hilson, M. (2008). *The Nordic model: Scandinavia since 1945*. London: Reaktion Books.

- Högfeldt, P. (2005). The history and politics of corporate ownership in Sweden. In R. K. Morck (Ed.), *A history of corporate governance around the world: Family business groups to professional managers* (pp. 517-580). Chicago: University of Chicago Press.
- Kaufmann, F.-X. (2013). *Variations of the welfare state: Great Britain, Sweden, France and Germany between capitalism and socialism* (T. Dunlap, trans.). New York: Springer.
- Kenworthy, L. (2014). *Social democratic America*. Oxford: Oxford University Press.
- Lieberman, R. C. (1998). *Shifting the color line: Race and the American welfare state*. Cambridge, MA: Harvard University Press.
- Mayer, G. (2004). *Union membership trends in the United States*. Washington, DC: U.S. Congressional Research Service.
- Meidner, R. (1993). Why did the Swedish model fail? *Socialist Register 1993: Real Problems, False Solutions*, 29, 211-228.
- Micheletti, M. (1995). *Civil society and state relations in Sweden*. Aldershot: Ashgate.
- OECD. (2016a). *Employment rate (indicator)*. doi: 10.1787/1de68a9b-en.
- OECD. (2016b). *Unemployment rate (indicator)*. doi: 10.1787/997c8750-en
- Østergård, U. (1997). The geopolitics of Nordic identity. In Ø. Sørensen & B. Stråth, (Eds.), *The cultural construction of Norden* (pp. 25-71). Oslo: Scandinavian University Press.
- Piketty, T. (2014). *Capitalism in the twenty-first century*. Cambridge, MA: Harvard University Press.
- Pontusson, J. (2011). Once again a model: Nordic social democracy in a globalized world. In J. Cronin, G. Ross, & J. Shoch (Eds.), *What's left of the left?* (pp. 89-115). Durham, NC: Duke University Press.
- Rothstein, B., & Trägård, L. (2007). The state and civil society in a historical perspective: The Swedish case. In L. Trägård (Ed.), *State and civil society in Northern Europe* (pp. 229-53). New York: Berghahn Books.
- Sørensen, Ø., & Stråth, B. (1997). Introduction. In Ø. Sørensen & B. Stråth (Eds.), *The cultural construction of Norden* (pp. 1-24). Oslo: Scandinavian University Press.
- Standing, G. (1988). *Unemployment and labour market flexibility: Sweden*. Geneva: International Labour Organization (ILO).
- Statistics Sweden. (2012). *Women and men in Sweden: Facts and figures 2012*. Retrieved from <http://www.scb.se/sv/Hitta-statistik/Publiceringskalender/Visa-detaljerad-information/?publobjid=17389+>
- Stenius, H. (1997). The good life is a life of conformity: The impact of the Lutheran tradition on Nordic political culture. In Ø. Sørensen & B. Stråth (Eds.), *The cultural construction of Norden* (pp. 161-171). Oslo: Scandinavian University Press.

- Thorkildsen, D. (1997). Religious identity and Nordic identity. In Ø. Sørensen & B. Stråth (Eds.), *The cultural construction of Norden* (pp. 138-160). Oslo: Scandinavian University Press.
- Trägård, L. (2007). Democratic governance and the creation of social capital in Sweden: The discreet charm of governmental commissions. In L. Trägård (Ed.), *State and civil society in Northern Europe: The Swedish model reconsidered* (pp. 254-270). New York: Berghahn Books.
- Trägård, L. (1997). Statist individualism: On the culturality of the Nordic welfare State. In Ø. Sørensen & B. Stråth (Eds.), *The cultural construction of Norden* (pp. 253-285). Oslo: Scandinavian University Press.
- Tsarouhas, D. (2008). *Social democracy in Sweden: The threat from a globalized world*. London: Tauris Academic Studies.
- Zelleke, A. (2005). Basic income in the United States: Redefining citizenship in the liberal state. *Review of Social Economy*, 63, 633-648.
- Zelleke, A. (2007). Targeting benefit levels to individuals or families? *Basic Income Studies*, 2(1), article 7.
- Zelleke, A. (2008). Institutionalizing the universal caretaker through an unconditional basic income? *Basic Income Studies*, 3(3), article 7.
- Zelleke, A. (2011). Feminist political theory and the argument for an unconditional basic income. *Policy and Politics*, 39(1), 27-42.
- Zelleke, A. (2015, November/December). Letter: Inequality and the safety net. *Foreign Affairs*. Retrieved from <https://www.foreignaffairs.com/articles/2015-10-19/inequality-and-safety-net>

Endnotes:

1. None of the Nordic states has a population larger than 10 million.
2. At least two-thirds of the population of each of the Nordic nations is Lutheran, and Lutheranism remains the state church in Denmark, Norway, and Iceland. Lutheranism was Sweden's state religion until 2000. Finland has two state churches, Lutheranism and Finnish Orthodox Christianity, but the latter accounts for only 1% of the population.
3. The pension system was initially designed to be financed by contributions, rather than taxes, but it evolved into a generous tax-financed, universal basic pension with an income-based supplement in the interwar and post-WWII period (Kaufmann, 2013, pp. 129-31).
4. The Labor Market Board, the Arbetsmarknadsstyrelsen, or AMS, was apparently nicknamed Alla Måste Söderut—"everyone must go south"—reflecting its mandate of encouraging labor mobility to achieve full employment (Hilson, 2008, p. 70).

5. The Rehn-Meidner model included stimulation of public savings and direct public investment, along with a liberal trade policy, in addition to the policies noted above (Hilson, 2008, chap. 2).

6. Women dominate (with over 80% of the positions) in the caring professions, schooling, and secretarial work. Sweden's high level of occupational segregation along gender lines suggests a qualification of its reputation as a strongly gender egalitarian nation. See Estévez-Abe (2006) for a discussion of occupational segregation in Scandinavian countries with gender-egalitarian norms and high female labor-force participation rates.

7. According to Standing (1988, pp. 139-44), a broader social dividend was considered and rejected during the period of discussion about Wage Earner Funds, but I have found no other discussion of a possible social dividend, or basic income, in my research.

8. TCO (Tjänstemännens Centralorganisation), the professional employee's union confederation, never participated in centralized bargaining at all, and the expansion of the public sector in the 1970s and 1980s increasingly made government, rather than LO and SAF, the effective wage setter in the labor market as a whole.

9. Sweden, like Britain and France, saw a decline in the rate of inequality of wealth in the 60 years between 1910 and 1970, but it has been rising in Britain and Sweden since the 1980s, and in France since the 1990s.

10. Union membership in the U.S. peaked at 35% of non-agricultural employees in the 1940s, and currently stands at about 11%. (Mayer, 2004). In contrast, Sweden had a level of union membership of almost 50% in 1907, and the rate peaked at over 80% in the 1990s (Tsarouhas, 2008, pp. 40-41; Hilson, 2008, table 5).

11. Social Security is also a progressive program, paying higher benefits to lower income recipients than to higher income recipients, in relation to contributions paid over their work lives.

Basic Income Guarantee: The Gender Impact within Households

SARA CANTILLON

Glasgow Caledonian University

CAITLIN McLEAN

University of California-Berkeley

The potential of a Basic Income Guarantee (BIG) to contribute to gender equality is a contested issue amongst feminist scholars. This article focuses on the nature of BIG as an individually-based payment to explore its potential for reducing gender equality, specifically intra-household inequalities in material or financial welfare; economic autonomy; psychological well-being; and time allocation, especially leisure time and time spent in household and care work. We employ a gender analysis of existing BIG pilots/schemes as well as close substitutes (e.g., universal child benefits) to assess some of the key claims about the effects of a basic income (BI) on gendered inequality. We also present findings from empirical work on intra-household allocation and decision-making which underscore the role of independent income. The article finds some support for BIG as a feminist proposal with respect to mitigating intra-household inequality, but concludes that further empirical research is needed to argue persuasively for BIG as an instrument for furthering gender equality.

Key words: Basic Income Guarantee, gender, feminism, independent income, intra-household inequality

Basic income guarantee (BIG) proposals have gained renewed cross-national interest in both academic and policy circles in recent years (Caputo, 2012; Standing, 2014). In the UK, a basic income has been supported by the Green party and the non-partisan Citizen's Income Trust, while in other countries, such as Finland and France, proposals for basic income pilots

and experiments are on the agenda. A BIG can be defined as "an income paid by a political community to all its members on an individual basis, without means test or work requirement" (Van Parijs, 2004, p. 8). Although the specifics of any particular basic income proposal vary, the core characteristics of a BIG are:

- Universality—it is paid to everyone in the population
- Individuality—it is paid to each adult rather than as a single household payment
- Unconditionality—it is paid without conditions regarding family or employment status
- Delivery as a cash benefit

BIG has been advocated for a variety of reasons, including but not limited to the promotion of gender equality. However, the question of whether to regard BIG as a feminist proposal remains divisive. Advocates have pointed to the potential for BIG to correct the paid work bias of contemporary social security systems and to increase women's economic autonomy and power within the household (Fitzpatrick, 1999; McKay, 2001, 2005; Zelleke, 2011), as well as to contribute to a more inclusive feminism via its anti-poverty and anti-exploitation characteristics (McLean, 2015). Critics have argued that BIG will do nothing to directly challenge the gendered division of labor and may well reinforce it (Gheaus, 2008; Robeyns, 2001).

In her introduction to the *Basic Income Studies* special issue "Should Feminists Endorse Basic Income?" Robeyns (2008) specifically calls for a shift in an empiricist direction (analyzing the specifics of implementation and examining the available evidence) in order to help resolve some of the continuing controversy regarding basic income among feminists. This article responds to Robeyn's call by examining the available evidence of existing BIG pilots/schemes as well as close substitutes (e.g., universal child benefits) to assess some of the key claims about the effects of a BIG on gendered inequality. In addition, the article discusses the evidence base with regard to key areas of intra-household inequalities in income and expenditures, living standards, well-being, and time use.

The broad areas of family and household dynamics with a particular focus on gender have been the subject of intensive

research from a wide variety of disciplines. A focus on gender and poverty draws attention to the interactions between the family, the labor market, and the state, and exposes the gendered nature of the separation between the public and private spheres. Central to this has been the division between the private and the public sphere and the use of collective units of analysis. In conventional analyses of poverty and income inequality, the household is taken as the unit of analysis, but this neglects what goes on within households. The household is in effect treated as a "black box," with little or no attention paid to differences among household members in access to and control over resources. In taking the household as the income recipient unit, it is assumed resources are shared so that each individual in a given household has the same standard of living. However, if different individuals within households actually experience different levels of well-being, this could have major implications for our understanding of poverty, for the way anti-poverty policies are framed, or for the purposes of this paper, the potential impact of a BIG scheme.

There is now a substantial theoretical and empirical literature investigating within-household inequalities, focusing on such issues as the allocation of resources, income pooling, financial decision-making, expenditure, and material outcomes (Bonke & Browning, 2009; Cantillon, 2013; Lee & Pocock, 2007; Lundberg, Pollak, & Wales, 1997; Phipps & Burton, 1998; Stocks, Díaz-Martínez, & Halleröd, 2007; Vogler & Pahl, 1994). For the purposes of this paper, we focus on the control and allocation of resources within the household, particularly in terms of living standards of individual household members, but also in terms of the decision making processes within it.

The Individual Nature of a Basic Income and Intra-household Inequality

Many BIG advocates (e.g., Bambrick, 2006; Birnbaum, 2012; Fitzpatrick, 1999; Zelleke, 2011) have emphasized the unconditionality of a BIG as the crucial means by which it supports gender equality goals, arguing that its neutrality regarding paid employment or unpaid caregiving avoids the problem of choosing between systems of social security which

require labor market participation and therefore devalue domestic and care work, or systems which reward such work but cement separate spheres of labor for men and women.

However, an additional key thread underpinning many arguments is the importance of a BIG as an individual benefit, contributing to gender equality via economic independence for women (Elgarte, 2008; Fitzpatrick, 1999; McKay, 2005; Parker, 1993; Robeyns, 2001). The individual nature of a BIG is especially crucial given accumulating empirical evidence on intra-household economic inequalities, related power differentials between men and women, and the importance of the recipient of income coming into the household (Bennett & Sung, 2013; Cantillon & Nolan, 2001; Goode, Callender, & Lister, 1998; Lundberget al., 1997; Nyman & Reinikainen, 2007). Individual benefits means that the entirety of household income does not necessarily go directly to a single household breadwinner, nor does the value of the benefit decrease by virtue of being in a coupled relationship, which penalizes low-income women for their partner's earnings, even if they do not benefit from them equally. A BIG treats women as citizens in their own right, rather than as dependents within a household (Pateman, 2004).

The general argument that BIG could facilitate a reduction in intra-household inequality can be broken down into four possible effects. First is the effect on the financial or material welfare of women. A key line of inquiry on within-household dynamics has been to investigate differences in living standards among members of couples (Cantillon & Nolan, 2001; Nyman & Reinikainen, 2007). In relation to personal spending money, for example, Nyman found that in Sweden women have insufficient access to personal spending money more often than men, at 63 versus 51 per cent respectively (Nyman, 2002, p. 18). In the UK, Pahl (1989, p. 148) found that husbands were more likely than wives to have personal spending money and to have more to spend on themselves. Vogler and Pahl (1994, p. 281) found that 58 per cent of couples had equal access to personal spending, in 12 per cent the man had more and in 4 percent the woman had more (Vogler & Pahl, 1994).

A consistent theme of the literature on distribution of resources within the family is the role which the wife's own income might play. In a study based on individual-level

non-monetary indicators across a wide range of goods and activities, the average gap between the wife's and the husband's deprivation index score was consistently narrower where the wife had an income of her own. Further, there was a positive correlation between the reduction in the gap between husbands' and wives' scores on the deprivation index and the wife's income level, such that the gap decreased as the wife's independent income increased (Cantillon, 2013; Cantillon & Nolan, 1998).

Paying a basic income to all individuals irrespective of work status or household income could, in theory, raise living standards and improve access to economic resources within the household, particularly for those who otherwise would not have an independent source of income, or whose income is lower, such that there would be a within-household redistributive effect that would benefit women, who are more likely to be in such a position (Callan, Nolan, Walsh, McBride, & Nestor, 2000; Cantillon & Nolan, 2001; Lundberg et al., 1997).

On the other hand, material welfare and an independent income can also be linked to labor force participation. A key critique of the argument that BIG would serve to reduce intra-household inequalities between men and women rests precisely on the fact that because BIG is an unconditional cash benefit, it would lessen incentives to paid employment, especially for women, given their relatively weaker attachment to the labor force compared to men, and thus counteract any of the beneficial effects on gender equality highlighted previously (Gheaus, 2008; Robeyns, 2001). Mothers, in particular, face additional hurdles regarding employment, such that cash payments could encourage mothers, especially those with low skills or in low paying jobs, to exit the labor market in favor of informal care in the home. Further, there are potential disincentives for married women which may occur as a result of taxing the first dollar of income beyond the basic income (Bambrick, 2006; Fitzpatrick, 1999). This depends crucially on the level of a BIG, how a BIG is funded, and its interaction with the tax and social welfare system.

At the same time, predictions of a drop in women's labor force participation may also be overstated. Sociological and heterodox economic perspectives have emphasized broader

motivations other than income regarding labor force participation, such as status, satisfaction, and other less tangible benefits. The incentive for unemployed persons to take up employment is most often measured using the "replacement rate" (RR)—the ratio between net income out of work and net income when in work, and research in this area reinforces the idea of work or employment being more than just income. Empirical data shows that there are many who choose to work, despite facing replacement ratios of close to or over 100 percent (Callan et al., 2011). That is, they choose to be working, even if they could be close to or even better off financially by remaining unemployed.

BIG advocates (Fitzpatrick, 1999; Van Parijs, 1995) further point out that existing systems of social security have substantial disincentives to work embodied in unemployment and poverty traps where low-income households face severe reductions in benefits for every dollar they earn. Combined with logistical problems, financial costs of entering work, and uncertainty regarding stability of employment, there is a huge incentive to forgo work in favor of benefits, if choosing one reduces income from the other. BIG reduces such disincentives, thus potentially making the most vulnerable women better off, with greater rather than lesser incentive to engage in paid labor. This issue highlights the role of women's diversity in creating ambiguous effects of BIG, with some women likely to be gainers and some losers under any reform (see also Robeyns, 2001).

A second possible outcome of a BIG with respect to the reduction of gendered inequality is a related but distinct effect concerning the role of independent income in raising economic autonomy and/or control over household resources rather than material welfare per se. In a discussion of feminist theory and BIG, Zelleke (2011, p. 34) discusses "the ideal of autonomy" not as "the equalisation of resources, opportunities or capabilities, but rather the guarantee of the minimal resources necessary for individuals to pursue their own ends consistent with their innate abilities and with a similar degree of autonomy from others over their own lives." Thus the key issue is not simply a redistribution of income in order to reduce inequalities in material welfare, but also to reduce inequalities of

power (Zelleke, 2011).

There is a large theoretical literature and accumulating empirical evidence to suggest that in addition to, or even regardless of, material welfare gains, independent income provides a source of economic autonomy which, in turn, impacts bargaining and power relations with the household. Differences between men and women in terms of their roles in household decision-making (particularly regarding income and large expenditures) have been linked to their differences in terms of income, status, education, and ethnicity (Cantillon & Nolan, 1998, 2001; Nyman & Reinikainen, 2007; Rake & Jayatilaka, 2002). An important distinction has also been made between high-level decisions on the allocation of resources to each area (food, clothing, household bills, holidays, etc.) and instrumental decisions regarding the management of the budget within each of these areas (Pahl, 1989). Several studies suggest that the woman usually engages in the management of household resources, while the overall allocative control and decision-making power rests with the man (Lauer & Yodanis, 2011).

Differences in control over household finances are therefore important in their own right, as an indicator of power, and for the role they may play in producing and explaining differences in living standards. Differences in management are also important insofar as they reflect respective roles in decision-making and identify who carries the burden of responsibility for stretching scarce resources. Several UK studies, using both small scale surveys and large nationally representative samples (Rake & Jayatilaka, 2002; Vogler, 1998; Vogler & Pahl, 1994), have explored different systems for managing household resources and their implications for the living standards of individual members. Rottman (1994), Cantillon, Gannon, and Nolan (2004) and Watson, Maitre, & Whelan (2013) used Irish data to examine this issue and also identified a number of distinct approaches to managing resources. The studies produced similar results: while joint financial decision-making is common among couples, in a significant proportion of couples the husband retains control in terms of major decisions, while the wife has the responsibility of managing resources on a week-to-week basis. Further, the responsibility for making resources stretch when money is tight falls

disproportionately on women.

A third possible effect is that, irrespective of any material benefit or even increased control over financial resources, a BIG could have a positive psychological impact on women's sense of self and well-being. Some of those studying BIG have pointed out that this could be a result of increased recognition or valuation of unremunerated work, in the sense that activities outside the paid labor market are formally recognised as worthwhile (Robeyns, 2001). Alternatively, it could arise in terms of measures of psychological health and well-being where independent income provides a greater sense of control, as empirical studies within the intra-household literature have demonstrated (Cantillon & Moran, 2016; Kan & Laurie 2010; Walters, McDonough, & Strohschein, 2002).

The fourth effect relates to the issue of inequalities in leisure time and participation in unpaid work. There is now a vast literature documenting disparities in time use between men and women which has specifically highlighted the greater participation of women in unpaid domestic and care work and the inequality of leisure time which results from this (Bianchi, Sayer, Milkie, & Robinson, 2012; Latshaw, 2011).

BIG advocates have argued that unconditional cash benefits can raise the status of work outside the labor market, as well as reduce economic pressure to create space for such activity. For example, McKay (2005) and Zelleke (2011) argue that a BIG does not prioritize labor market participation at the expense of productive activity outside the labor market and therefore does not penalize individuals for engaging in it. There is a tendency to assume that this would lead to continued gender specialization; however, an unconditional, steady cash payment could theoretically reduce pressure on men as breadwinners by providing a measure of financial security outside labor market income, allowing space for men to reduce their participation in the labor market and potentially to take on a greater share of traditionally feminine tasks (Bambrick, 2006). This could be heightened or strengthened via the psychological effect: e.g., greater societal value placed on these activities could shape men's willingness to engage in such work.

Expanding the Evidence Base for a Basic Income

A key limiting factor in the BIG debate is a lack of robust evidence on potential effects and outcomes due to the fact that there are few real world examples to study. The closest and most famous example is the Permanent Fund Dividend in Alaska (see Widerquist & Howard, 2012). Since 1982, each individual Alaskan has received an unconditional annual grant funded from state oil revenue. The amount varies by year and is very modest (usually between \$1000-1500 per person) and as such may be considered at best a partial basic income. However, there has been little systematic analysis of the effects of the dividend on the Alaskan population (for an overview of available evidence, see Goldsmith, 2012).

In the absence of much real-world evidence on the effects of a BIG, many scholars have turned to evidence provided by a few experiments and pilot programs of a basic income as well as related alternatives, such as the Negative Income Tax (NIT). Although not technically a BIG as such, the most widely analyzed evidence comes from the NIT experiments in the U.S. and Canada. More recently there have been pilots in developing countries which have aimed to test the effectiveness of unconditional cash transfers on alleviating poverty and other social goals, such as those in Namibia (Haarman & Haarman, 2012) and in India (Davalu, Jhabvala, Standing, & Kapoor Mehta, 2015).

There has also been a push to increase social scientific analysis of the potential effects of a BIG using methods such as laboratory experiments and attitudinal surveys, although to date there has been little advancement in this area (but see Haigner, Höchtl, Schneider, Wakolbinger, & Jenewein, 2012; Marx & Peeters, 2008). Economic modelling and microsimulations of BIG reforms have been relatively more common, most of which focus on budget and labor force participation effects (e.g., Colombino, Locatelli, Narazani, & O'Donoghue, 2010; Gilroy, Heimann, & Schopf, 2013), although some also contain reference to differences among men and women within households (Callan et al., 2000).

While this paper utilizes such evidence where relevant, it

also makes a contribution by including an underutilized source: universal child benefits. In the UK context, Child Benefit, at least until recently, has shared many key characteristics with a basic income, and has been referred to as a basic income for children (Torry, 2012; see also Levy, Matsaganis, & Sutherland, 2013). The policy is a universal, largely unconditional (the condition is that children be in full-time education) cash benefit, paid in steady (weekly or monthly) allotments. Further, while it is not fully individualized, it is paid to the primary caregiver, which in the vast majority of cases is a woman, and is therefore useful for understanding intra-household income inequalities because it increases the amount of disposable income for the person likely to have less labor market income. A BIG would enhance this effect, as income would be provided for both providers and recipients of care.

Thus, policy distance is minimized, especially compared to other commonly used proxies such as the NIT, which is means-tested, not delivered as a cash benefit and is assessed at the household level. A key limitation of using the UK child benefit as a proxy is the low amount of the payment (currently £20.70/week for eldest child, £13.70 for additional children), which is substantially below most proposals for a basic income. This is further exacerbated by the fact that it is only paid to one individual in the household, rather than to all. Similar child benefits exist in many other European countries (Levy et al., 2013) as well as in Canada (Schirle, 2015). Reference is made to evidence from these countries where available.

Another key source of evidence is the broader literature on intra-household inequalities, including the role of income/economic differences, issues of control/power and patterns of household division of labor, which provide information on the incentive structure and processes which undergird assumptions/predictions about BIG effects with respect to gender inequality. Specifically, the article discusses the evidence base with regard to key areas of intra-household inequalities in income and expenditures, living standards, well-being, and time use.

The Impact of a Basic Income on Intra-household Inequalities

Material Welfare

To what extent would a BIG be likely to raise women's material welfare within the household? The question of women's independent income and, by extension, their material welfare, will depend in part on their labor force participation. In general, women's (especially married women's) labor market participation tends to be more elastic than men's, although this has decreased over time, for example, in the U.S. (Blau & Kahn, 2007). Accordingly, discussions of the impact of a BIG on employment incentives have suggested that any negative effect is likely to be particularly pronounced for women. Evidence from Canada suggests that there is a negative effect on labor force participation for coupled mothers receiving child benefit, with the largest effects for those with lower levels of education (Schirle, 2015). However, there is a positive effect on single mothers (Schirle & Koebel, 2015).

The most commonly cited evidence on this issue within the BIG literature is from the NIT experiments in the U.S. and Canada during the 1960s-1970s, which suggests that the largest labor force participation effects were on secondary earners such as students and married women—reducing labor market participation on average by 19% for U.S. married women and 15% for single mothers. The effect was substantially less in the Canadian Mincome experiment (2-3%) but was still negative (see Widerquist, 2005).

Economic models of BIG (rather than NIT) tend to demonstrate less of a problem with labor market participation reduction, primarily due to the elimination of poverty traps associated with conditional or means-tested benefits, which are currently prevalent within many systems of social security (Colombino et al., 2010; Gilroy et al., 2013). Colombino and colleagues (2010) model the introduction of a BIG compared to other possible reforms (a means-tested guaranteed minimum income, workfare, participation income) in the UK, Denmark, Italy and Portugal. In general, they found gains to be made in all countries from shifting toward a BIG with progressive

taxation; however, in Italy and Portugal such a reform was associated with reductions in female labor participation rates, which was not the case in Denmark or in the UK, where it depended on the level of the BIG. Consequently, there is reason to be concerned about reductions in at least some women's labor force participation following the introduction of a BIG, though for some women work incentives are likely to be higher following such a reform.

The standard of living of the woman in the household is also related to her position in the labor market, not least because the level of her earnings has some effect on the household system adopted. Using Pahl's taxonomy of household money management, Vogler found that women in full-time employment are more likely to be part of a pooled management or independent spheres system, whereas women with low-paid, part-time jobs are more likely to be involved in a whole wage management or allowance system (Vogler, 1994). These findings appear to substantiate Blood and Wolfe's (1960) resource theory of power, which posited that the relative income of each partner was related to his/her degree of power in the household. However, as women's participation in the labor market has predominantly been in terms of part-time or lower paid work, this cannot be identified as contributing to the equalization of roles and power within the household. Instead, as Vogler argues, women's over-representation in part-time work can be seen as "a way of increasing household income (and meeting employers' needs for labor) without upsetting the traditional division of labor between male breadwinners and female childbearers/secondary earners" (1994, p. 226). Furthermore, since the extra money earned by women in part-time positions is often incorporated into the overall household consumption fund, this can have the effect of freeing up resources for the male's personal consumption, thus reinforcing rather than reducing the differential living standards of men and women.

However, this type of analysis tells us little about the material welfare of those who are not in paid employment, or whether receipt of an individualized non-market income like a BIG would benefit such individuals, leading to decreased inequality within the home. Studies of UK child benefit suggest that such benefits can improve women's material welfare.

Influential research by Lundberg et al. (1997) examined the shift from family allowance to child benefit in the 1970s, which changed how the funds were paid, transferring money from "the wallet to the purse," in order to assess whether there was a corresponding increase in women and children's consumption. Specifically, they looked at expenditure on women's and children's clothing as an individualized indicator and found an increase in this type of consumption following the shift (see also Goode, Callender, & Lister, 1998). This was further supported by research by Ward-Batts (2008), which controlled for price changes in the goods under study and still found a shift in consumption patterns from those benefiting men primarily to those benefiting women and children. However, interviews with parents claiming UK child benefit suggests that the money goes more toward improving children's welfare than mothers' (Farthing, 2012). This is less likely to be an issue for a BIG, however, as it is fully individualized such that there would be a payment for children as well as for each member of the couple.

Further, in one of the few microsimulations of a BIG to explicitly consider gendered inequality at the individual level, Callan et al. (2000) found evidence of a within-household redistributive effect with gains for women. Specifically, under a BIG reform in Ireland, over 40% of women were estimated to have a large gain in individual incomes (more than £10 per week), compared with about 20% of men. In contrast, about half of the men were estimated to have a loss in individual income of more than £10 per week, while this was true for about 25% of women. Crucially, much of the redistribution took place within coupled relationships—spouses or partners. Household level or combined incomes showed very little differences between men and women. However, this was a static model and did not take into account potential behavioral change as a result of the introduction of a BIG. Furthermore, the simulations are based on 1994 data, which precede both the boom and bust of the Irish economy, the sharp rise in labor force participation rates for women, and the more recent closing of gender gaps in employment, unemployment, and wages in the aftermath of both the financial crisis and subsequent austerity measures introduced.

Economic Autonomy

A related but distinct effect is the potential role of a basic income in raising economic autonomy and/or control over household resources. Autonomy and control over household resources are partly important for contributions to material welfare, as noted previously with regard to the relationship between a woman's independent income and her living standards.

However, autonomy is arguably valuable in its own right. For example, recent research (Bennett & Sung, 2013) highlighted the importance of financial autonomy (including economic independence, privacy in one's financial affairs and exercising agency with regard to personal and household spending) among low-income women in Britain. Further evidence from qualitative interviews regarding experiences of receiving Child Benefit in the UK is again relevant: mothers, in particular, pointed to the importance of having independent income via Child Benefit (even though it was a low sum) and not having to ask for money from their partners, which they found demeaning (Farthing, 2012).

In fact, for some women, the prospect of economic autonomy is so appealing that they may be willing to trade-off reductions in their absolute level of financial resources, for example, via less access to their partner's higher earnings. In a review of research on within-household distributions, Bennett (2013) devotes a section to debates about equal benefit versus autonomy, noting that there has been a shift toward individualization of finances, at least in part due to the normative value placed on financial independence and autonomy. A study of Swedish couples, for example, demonstrated the importance that women, in particular, place on reducing their financial dependence on their partners, even when this places them at a disadvantage due to their lower earnings (Nyman & Reinikainen, 2007). This type of control, which connotes a sense of entitlement to use funds as one wishes, is distinct from financial management of household resources, for which women are often responsible and is often perceived as a burden rather than as signifier of autonomy.

This suggests that there could be merit in providing a BIG due to its contribution to feelings of economic autonomy,

even if its overall contribution to material welfare is low on its own (that is, where it is not coupled with paid employment). However, attention must be given to the method of delivery of a BIG if there is to be control in practice rather than on paper. This is one of the key arguments against implementing an income floor via a Negative Income Tax rather than a BIG, where an NIT is assessed and delivered jointly for a household rather than on an individual basis. Care must be taken that a BIG is understood as an individual entitlement and perhaps administrated in such a way as to ensure independent access—similar perhaps to the delivery of Child Benefit (UK).

Psychological Effects and Well-being

A third possible effect is that, irrespective of any material benefit or even increased autonomy, a BIG could raise psychological valuation of unremunerated work, in the sense that activities outside the paid labor market are formally recognized as worthwhile (Robeyns, 2001). The idea that an independent income should be accessible, even to those outside the paid labor market, is a well-established feminist idea. Twentieth century feminist movements specifically called for wages for housework as a way of recognizing, monetarily, the productive work of the household.

Pahl's (1989) classic text *Money & Marriage* explored financial decision-making within UK households, noting that housewives receiving a family allowance did feel a sort of symbolic valuation for their unpaid work as a result of the monetary payment coming into the household. Similarly, more recent interviews with those receiving UK Child Benefit suggested some implicit evidence of psychological valuation, where participants made reference to the hard work of caring for children and deserving an independent income for doing so (Farthing, 2012). The feeling that income support acknowledges care as work is further supported by research on those receiving caregiving allowances, although the level of payment is key, with small amounts perceived as signifying low value (Singleton & Fry, 2015).

It is unclear, however, that a BIG would have similar effects. First of all, if a BIG is set too low it could be perceived, as with caregiving allowances, as a signifier of low value, rather than

as recognition of important work. Second, unlike child benefits or caregiving allowances, BIG is, by design, neutral regarding purpose or activity (it is unconditional). Therefore, while it might raise psychological valuation via a societal recognition that there are worthwhile activities beyond paid employment in a general sense, by virtue of not specifically valuing any particular activity, such as care work, it is unclear whether it would have any sort of direct psychological effect on women who are performing such activities.

However, another way of looking at the psychological impact of a basic income (or individual independent income), other than the potential valuation of previously unrecognized domestic and care work, is the impact of independent income on health and well-being. There have been some studies of the relationship between women's socio-economic status and their psychological health, which focused on the gendered division of financial control or gendered experience of financial strain within the household; an identifiable link was found between the division of expenditure responsibilities and psychological distress. One such study explored the relationship between psychological well-being and savings, investments, and debts (Kan & Laurie, 2010). It found that there was a growing independence in financial arrangements between couples, with investments and debts more likely to be individually held. Savings, on the other hand, were viewed as shared assets. In terms of psychological well-being, the authors found that men's psychological well-being was affected by their own levels of savings, investments, and debts rather than their partners', while women's well-being was influenced by both their own levels and that of their partners.

Rottman's (1994) study of income distribution looked at the relationship between the financial management system, the degree of sharing of resources and the psychological well-being of men and women, as measured separately from the overall well-being of the household. He found that there was a statistically significant relationship between income sharing and levels of psychological distress, as well as feelings of fatalism. Sharing of income was associated with lower levels of psychological distress and lower levels of fatalism. The effects were found to be stronger for wives than for husbands. A more

recent study (Cantillon & Moran, 2016) suggests that wives faced with the burden of managing scarce financial resources suffered higher levels of psychological distress. Further, their research found that there is a significant negative relationship for wives between having an independent income and their fatalism scores. That is, an independent income has a significant beneficial effect on her levels of fatalism or feelings of powerlessness. Further, the higher the independent income that accrues to the wife, the greater the positive impact on her psychological health. This suggests that the contribution of a BIG to economic security could be especially psychologically beneficial for low-income women who are responsible for making ends meet within the household.

Time Allocation: Leisure Time and Household/Care Work

The fourth effect relates to the issue of inequalities in time and participation in unpaid work. As noted, some BIG advocates have argued that unconditional cash benefits can raise the status of work outside the labor market, as well as reduce economic pressure to create space for such activity, thus potentially contributing to a reduction in time-based inequalities between women and men in the home. Zelleke (2011, p. 39) in particular argues that, while a BIG would not guarantee a shift in men's participation in unpaid work, it would "decrease the costs to men of doing so, and would increase their opportunities to break out of the gendered distribution that confines men to paid employment-centric models of contributory citizenship."

While this argument makes sense logically, existing evidence on shifts in patterns of time spent in household and care work suggests that opportunities for men to decrease their time in paid employment do not necessarily correspond to increases in time spent in other forms of work rather than leisure. One of the great demographic shifts over the past half century has been women's increased participation in paid employment. This was optimistically viewed as a gender revolution in which the division of labor between men and women would be substantially reduced, with men taking on a greater share of the household labor as women take on a greater share of employment labor. Yet, persistent inequalities seem to suggest

that the revolution 'stalled' (England, 2010).

While men have increased their time spent in household and care work over time (Gershuny, Bittman, & Brice, 2005; Van Hook, Brown, & Bean, 2006), it has not been proportional to women's increased time in paid employment, nor crucially, to their increased income (Brines, 1994). In fact, much of the reduction in the disparity in men's and women's time spent in household tasks has come as a result of women doing less and/or 'outsourcing' those services by hiring domestic workers or purchasing time-saving appliances, rather than as a redistribution among members of the household (Bittman, England, Sayer, Folbre, & Matheson, 2003; Gupta, 2007). This suggests that increasing women's income via a BIG may well lead to further expenditures on childcare services and other means of reducing women's own time in unpaid activities, rather than an increase in men's unpaid work. However, Vollenweider (2013) points out that the supply of domestic services may well fall (or prices may rise) in the presence of BIG providing financial security for low-income workers currently providing such services. Under those circumstances, household redistribution may be more likely.

Conclusion

While basic income has been championed as a reform for reducing inequality between households, it can also be expected to have an impact on inequality within households. An individual entitlement to an income floor better accommodates core feminist insights about the "black box" of the household and possible inequalities between men and women in coupled relationships, than do some policy reform ideas, such as the Negative Income Tax, which persists in the assumption that all households conform to a unitary model.

The evidence base for a BIG, however, is currently limited, and as such, it is difficult to draw conclusions about the likely impact of a BIG on within-household inequalities. Our analysis of existing BIG pilots/schemes, proxies for a BIG (e.g., universal child benefits) and the broader evidence base on intra-household inequalities in income and expenditures, living standards, well-being and time use, suggests that the impact

of a BIG on gendered inequalities within the household is ambiguous.

A BIG seems most likely to have a direct effect on women's material welfare by reducing intra-household inequalities with respect to independent income. Given that previous research has shown that access to an independent income has important implications for improving women's living standards within the household, a BIG could be expected to improve at least some women's living standards, particularly those who otherwise would have no or little independent income. It is also likely to have a direct effect on psychological well-being and feelings of economic autonomy, again via the guarantee of an independent income, regardless of labor force participation. Here studies of child benefits paid to primary caregivers are telling, as interviews with recipients demonstrated that they are often valued as independent income (e.g., Farthing, 2012).

Discussions of policy reforms usually focus on material outcomes, yet the symbolic or non-material impact should be recognized: economic autonomy, psychological valuation and feelings of control are of value for their own sake, irrespective of material welfare. Additionally, the individual nature of a BIG is, on its own, a powerful statement about women (and children) as citizens in their own right, not as dependents within a household. Advocates find the radical nature of BIG in its symbolism as much as (if not more so than) the actual financial gains. This perhaps explains why there has been only limited attention to the institutional details: the point is a paradigm shift in how citizenship is understood, in addition to the more limited question of how to guarantee a particular level of welfare.

Nevertheless, if the amount of a BIG is too low, it could leave women, in particular, financially deprived, especially if coupled with decreased labor force participation, which may be the case for at least some women. This issue rightly gives some feminists pause and is an important arena for future research and an issue which should be included in any specific BIG reform proposal. Further, a BIG seems less likely to have a direct effect on reducing inequalities with regard to time allocation, specifically leisure time and time spent in performing household and care work, although an indirect effect is

possible.

There is a complex link between income/financial resources, bargaining power, gender ideologies, and time allocation which is still not fully understood. So while BIG may have a straightforward income effect, for example, it is less clear that changes in income will also lead to changes in bargaining power which is important for negotiating equality in other aspects, such as household/care work and leisure-time. Some evidence suggests that "gender trumps money" in such negotiations (Bittman et al., 2003) in which case a BIG could be expected to have limited effect on its own—that is, in the absence of further cultural shifts in social norms about men's and women's roles.

This points to the broader issue of how any impact of a BIG also depends on interaction with the broader cultural and policy context regarding gender relations; BIG on its own cannot be expected to bring into effect a gender revolution—deep-seated change will require more than the introduction of an income floor. Going forward, the key issue will be how to capture the benefits of a BIG, especially as it pertains to increasing women's autonomy, while reducing any potentially negative effects on women's welfare, which means greater attention to interactions between a BIG and other gender equality proposals. In particular, this will require a higher quality evidence base on the gendered effects of a BIG, in addition to philosophical discussions about the normative implications of a BIG for gender equality. Much of the empirical analyses of a BIG have focused on the question of labor market incentives, but there is more to understand about the gendered impact of a BIG, specifically whether, in practice, it would have the implied effect on women's economic autonomy and living standards within the household, and whether this, in turn, would lead to the reduction of inequalities of power between men and women in coupled relationships.

References

- Bambrick, L. (2006). Wollstonecraft's dilemma: Is a citizen's income the answer? *Citizen's Income Newsletter*, (2), 3-10.

- Bennett, F. (2013). Researching within-household distribution: Overview, developments, debates, and methodological challenges. *Journal of Marriage and Family*, 75(3), 582-597.
- Bennett, F., & Sung, S. (2013). Dimensions of financial autonomy in low-/moderate-income couples from a gender perspective and implications for welfare reform. *Journal of Social Policy*, 42(4), 701-719.
- Bianchi, S. M., Sayer, L. C., Milkie, M. A., & Robinson, J. P. (2012). Housework: Who did, does or will do it, and how much does it matter? *Social Forces*, 91(1), 55-63.
- Birnbaum, S. (2012). *Basic income reconsidered*. New York, NY: Palgrave Macmillan USA.
- Bittman, M., England, P., Sayer, L., Folbre, N., & Matheson, G. (2003). When does gender trump money? Bargaining and time in household work. *American Journal of Sociology*, 109(1), 186-214.
- Blau, F. D., & Kahn, L. M. (2007). Changes in the labor supply behavior of married women: 1980–2000. *Journal of Labor Economics*, 25, 393-438.
- Blood, R. O., & Wolfe, D. M. (1960). *Husbands and wives*. Glencoe, IL: Free Press.
- Bonke, J., & Browning, M. (2009). The allocation of expenditures within the household: A new survey. *Fiscal Studies*, 30(4), 461-481.
- Brines, J. (1994). Economic dependency, gender, and the division of labor at home. *American Journal of Sociology*, 100(3), 652-688.
- Callan, T., Nolan, B., Walsh, J., McBride, J., & Nestor, R. (2000) Basic income in Ireland: A study for the working group on basic income final report.
- Callan, T., Crilly, N., Keane, C., & Walsh, J. (2011). *Tax, welfare and work incentives budget perspectives* (2012 ESRI Series Number: 2012/1). Dublin: ESRI.
- Cantillon, S. (2013) Measuring differences within households. *Journal of Marriage and Family*, 75(3), 598-610.
- Cantillon, S., Gannon, B., & Nolan, B. (2004). *Sharing household resources*. Dublin: Combat Poverty Agency.
- Cantillon, S., & Moran, M. (In press). Intra-household inequality, poverty and well-being. In S. Millns and S. Wong (Eds.), *Wealth and poverty in close personal relationships: Money matters*. Routledge.
- Cantillon, S., & Nolan, B. (1998). Are married women more deprived than their husbands? *Journal of Social Policy*, 27, 151-171.
- Cantillon, S., & Nolan, B. (2001). Poverty within households: measuring gender differences using non-monetary indicators. *Feminist Economics*, 7(1), 5-23.
- Caputo, R., (Ed.). (2012). *Basic income guarantee and politics*. New York: Palgrave Macmillan.
- Colombino, U., Locatelli, M., Narazani, E., & O'Donoghue, C. (2010). Alternative basic income mechanisms: An evaluation exercise with a microeconomic model. *Basic Income Studies*, 5(1), 1-31.

- Davala, S., Jhabvala, R., Standing, G., & Kapoor Mehta, S. (2015). *Basic income: A transformative policy for India*. London: Bloomsbury.
- Elgarte, J. M. (2008). Basic income and the gendered division of labor. *Basic Income Studies*, 3(3), 1-7.
- England, P. (2010). The gender revolution: Uneven and stalled. *Gender & Society*, 24(2), 149-166.
- Farthing, R. (2012, March). Save child benefit. *Policy Briefing*. London: Child Poverty Action Group.
- Fitzpatrick, T. (1999). *Freedom and security: An introduction to the basic income debate*. Basingstoke: Macmillan Press, Ltd.
- Gershuny, J., Bittman, M., & Brice, J. (2005). Exit, voice and suffering. *Journal of Marriage and Family*, 67(3) 656-665.
- Gheaus, A. (2008). Basic income, gender justice and the costs of gender-symmetrical lifestyles. *Basic Income Studies*, 3(3), 1-8.
- Gilroy, B. M., Heimann, A., & Schopf, M. (2013). Basic income and labor supply: The German case. *Basic Income Studies*, 8(1), 1-28.
- Goldsmith, S. (2012). The economic and social impacts of the permanent fund dividend on Alaska. In K. Widerquist & M. W. Howard, (Eds.) *Alaska's permanent fund dividend: Examining its suitability as a model* (pp. 49-63). New York: Palgrave Macmillan.
- Goode, J., Callender, C., & Lister, R. (1998). *Purse or wallet: Gender inequalities and income distribution within families on benefit*. Tyne and Wear: Policy Studies Institute/Athenaeum Press
- Gupta, S. (2007). Autonomy, dependence, or display? The relationship between married women's earnings and housework. *Journal of Marriage and Family*, 69(2), 399-417.
- Haarman, C., & Haarman, D. (2012). Namibia: Seeing the sun rise—The realities and hopes of the basic income grant pilot project. In M. Murray & C. Pateman (Eds.), *Basic income worldwide: Horizons of reform* (pp. 33-58). New York: Palgrave Macmillan.
- Haigner, S., Höchtl, W., Schneider, F. G., Wakolbinger, F., & Jenewein, S. (2012). Keep on working: Unconditional basic income in the lab. *Basic Income Studies*, 7(1), 1-19.
- Kan, M., & Laurie, H. (2010). Savings, investments, debts and psychological well-being in married and cohabiting couples. *Institute for Social and Economic Research Working Paper Series 2010-42*. Retrieved from <https://www.iser.essex.ac.uk/research/publications/working-papers/iser/2010-42>
- Latshaw, B. A. (2011). The more things change, the more they remain the same? Paradoxes of men's unpaid labor since "The Second Shift." *Sociology Compass*, 5(7), 653-655.
- Lauer, S., & Yodanis, C. (2011). Individualized marriage and the integration of resources. *Journal of Marriage and Family*, 73(3), 669-683.
- Lee, J., & Pocock, M. (2007). Intrahousehold allocation of financial resources: Evidence from South Korean individual bank accounts. *Review of Economics of the Household*, 5, 41-58.

- Levy, H., Matsaganis, M., & Sutherland, H. (2013). Towards a European Union child basic income? Within and between country effects. *International Journal of Microsimulation*, 6(1), 63-85.
- Lundberg, S. J., Pollak, R. A., & Wales, T. J. (1997). Do husbands and wives pool their resources? Evidence from the United Kingdom child benefit. *The Journal of Human Resources*, 32(3), 463-480.
- Marx, A., & Peeters, H. (2008). An unconditional basic income and labor supply: Results from a pilot study of lottery winners. *Journal of Socio-Economics*, 37(4), 1636-1659.
- McLean, C. (2015). *Beyond care: Expanding the feminist debate on universal basic income* (WiSE Working Paper No. 1). Glasgow: WiSE Research Centre.
- McKay, A. (2001). Rethinking work and income maintenance policy: Promoting gender equality through a citizens' basic income. *Feminist Economics*, 7(1), 97-118.
- McKay, A. (2005). *The future of social security policy: Women, work and a citizens' basic income*. Abingdon: Routledge.
- Nyman, C. (2002). *Mine, yours or ours? Sharing in Swedish couples* (Doctoral thesis). Umea University, Finland.
- Nyman, C., & Reinikainen, L. (2007). Elusive independence in a context of gender equality in Sweden. In J. Stocks, C. Diaz, and B. Hallerod (Eds.), *Modern couples sharing money, sharing life* (pp. 7-29). Basingstoke, UK: Palgrave Macmillan.
- Pahl, J. (1989). *Money and marriage*. Houndmills: UK, Macmillan Education.
- Parker, H. (1993). *Citizen's income and women*. London: Citizen's Income.
- Pateman, C. (2004). Democratizing citizenship: Some advantages of a basic income. *Politics & Society*, 32(1), 89-105.
- Phipps, S., & Burton, P. (1998). What's mine is yours? The influence of male and female incomes on patterns of household expenditures. *Economica*, 65, 599-613.
- Rake, K., & Jayatilaka, G. (2002). *Home truths: An analysis of financial decision-making within the home*. London: Fawcett.
- Robeyns, I. (2001). Will a basic income do justice to women? *Analyse*, 23(1), 88-105.
- Robeyns, I. (2008). Introduction: Revisiting the feminism and basic income debate. *Basic Income Studies*, 3(3), 1-6.
- Rottman, D. (1994). *Income distribution within Irish households*. Dublin: Combat Poverty Agency.
- Schirle, T. (2015). The effect of universal child benefits on labor supply. *Canadian Journal of Economics*, 48(2), 437-462.
- Schirle, T., & Koebel, K. (2015). The differential impact of universal child benefits on the labor supply of married and single mothers. *Laurier Center for Economic Research and Policy Analysis (LCERPA)* (Working Paper No. 2015-11). Retrieved from http://www.lcerpa.org/public/papers/LCERPA_2015_11.pdf

- Singleton, B., & Fry, G. (2015). Citizen carer: Carer's allowance and conceptualisations of UK citizenship. *Journal of Social Policy*, 44(3), 549-566.
- Standing, G. (2014). *A precariat charter: From denizens to citizens*. New York: Bloomsbury Academic.
- Stocks, J., Díaz-Martínez, C., & Halleröd, B. (Eds.). (2007). *Modern couples sharing money, sharing life*. Hampshire: Palgrave Macmillan.
- Torry, M. (2012). The United Kingdom: Only for children? In R. K. Caputo (Ed.), *Basic income guarantee and politics: International experiences and perspectives on the viability of income guarantee* (pp. 235-264). New York: Palgrave Macmillan.
- Van Hook, J., Brown, S. K., & Bean, F. D. (2006). For love or money? Welfare reform and immigrant naturalization. *Social Forces*, 85(2), 643-666.
- Van Parijs, P. (1995). *Real freedom for all: What (if anything) can justify capitalism?* Oxford: Oxford University Press.
- Van Parijs, P. (2004). Basic income: A simple and powerful idea for the twenty-first century. *Politics & Society*, 32(1), 7-39.
- Vogler, C. (1994). Money in the household. In M. Anderson, F. Bechhofer, and J. Gershuny (Eds.), *The social and political economy of the household* (pp. 225-266). Oxford: Oxford University Press.
- Vogler, C. (1998). Money in the household: Some underlying issues of power. *Sociological Review*, 46(4), 687-713.
- Vogler, C., & Pahl, J. (1994). Money, power and inequality within marriage. *Sociological Review*, 42(2), 262-288.
- Vollenweider, C. (2013). Domestic service and gender equality: An unavoidable problem for the feminist debate on basic income. *Basic Income Studies*, 8(1), 19-41.
- Walters, V., McDonough, P., & Strohschein, L. (2002). The influence of work, household structure, and social, personal and material resources on gender differences in health: An analysis of the 1994 Canadian National Population Health Survey. *Social Science and Medicine*, 54(5), 677-692.
- Ward-Batts, J. (2008). Out of the wallet and into the purse: Modeling family expenditures to test income pooling. *The Journal of Human Resources*, 43(2), 325-351.
- Watson, D., Maître, B., & Whelan, C. (2013). *Work and poverty in Ireland: An analysis of the CSO survey on income and living conditions 2004-2010*. Dublin: ESRI and Department of Social Protection.
- Widerquist, K. (2005). A failure to communicate: What (if anything) can we learn from the negative income tax experiments? *Journal of Socio-Economics*, 34(1), 49-81.
- Widerquist, K., & Howard, M. (2012). *Exporting the Alaska model: Adapting the permanent fund dividend for reform around the world*. New York: Palgrave Macmillan.
- Zelleke, A. (2011). Feminist political theory and the argument for an unconditional basic income. *Policy and Politics*, 39(1), 27-42.

Susu: Capitalizing Development from the Bottom Up

DAVID STOESZ

ISABELLA GITAU

RICHARD RODRIGUEZ

FRANK THOMPSON

Kean University

Susu, a common way of saving money in the majority of developing countries, has migrated to developed nations. Originating in the 18th century in Ghana and Nigeria, susu is an indigenous method of microfinance, benefiting poor and minority groups. Significantly, susu relies on social capital as collateral, enhancing solidarity and building community. When American public assistance programs deny benefits to immigrants, susu becomes an important source of savings. The differentiation of susu from other savings strategies in the United States is explored.

Key words: *Susu, microfinance, micro small enterprises, financial gain, rotating saving and credit associations*

Susu is a method for immigrants to establish credit in an economically adverse environment. Historically, indigenous savings strategies represent the continuation of economic self-help, which indentured Africans brought to the U.S. In his iconic text, *From Slavery to Freedom*, John Hope Franklin (1980) chronicled a resourcefulness borne of necessity, as Africans adjusted to slavery, relying on custom and solidarity to survive. Ante-bellum mutual aid societies emerged throughout the South to provide health and life insurance, death benefits, and orphanages. Franklin noted that such societies "served as important training grounds where Negroes could secure business experience, and they helped develop habits of self-help that seemed to be more imperative as the new [20th] century opened" (p. 289). That these organizations emerged was a testament to human perseverance in the face of unrelenting

Journal of Sociology & Social Welfare, September 2016, Volume XLIII, Number 3

brutality. As Edward Baptist (2014) chronicled,

Slavery also killed people, in large numbers. From those who survived, it stole everything. Yet the massive and cruel engineering required to rip a million people from their homes, brutally drive them to new, disease-ridden places, and make them live in terror and hunger as they continually built and rebuilt a commodity-generating empire—this vanished in the story of a slavery that was supposedly focused primarily not on producing profit but on maintaining its status as a quasi-feudal elite, or producing modern ideas about race in order to maintain white unity and elite power. (p. xix)

Denying African slaves the opportunity to sustain themselves economically, in other words, was one component in the logic of King Cotton, which provided Southern plutocrats with the capital needed for American industrialization.

As slaves brought with them indigenous practices that sustained them before the Civil War, that pattern continued as recent immigrants have employed *susu* to prosper, a necessity in light of the (d)evolution of modern welfare states. Although the welfare state was initially justified to reduce risk, especially during periods of family financial uncertainty, in recent decades, economic inequality has risen to a level reminiscent of the Gilded Age, a century ago (Piketty, 2013). A democratic polity is imperiled as wealthy, well-connected interests manipulate public policy toward their ends, shortchanging the less affluent (Stiglitz, 2012). In advanced economies, the welfare state, through government social programs, has been a primary source of assistance to the welfare- and working-poor. "By its nature, capitalism produces too much economic insecurity. A hallmark objective of welfare state institutions is, therefore, to reduce economic insecurity" (Garfinkel, Rainwater, & Smeeding, 2010, p. 2) noted prominent welfare philosophers. Additionally,

social welfare transfers from one to another part of the population make up the lion's share of the budgets of all rich nations and amount to 30 to 40 percent of the total value of goods and services produced in most of these nations. (Garfinkel, Rainwater, & Smeeding,

2010, p. 2)

According to the welfare state scenario, technical solutions through changes in government policies can restore economic opportunity to the less fortunate and ensure a measure of fairness (Atkinson, 2015). Yet, the welfare state, as an engine of equality, stalled after the 1970s when taxes reached their zenith; subsequent social obligations could only be met through deficit spending (Plender, 2015). Toward the end of the 20th century, public debt was handicapping the ability of national governments not only to meet social program commitments, but also to address recessionary periods. Public assistance benefits to the poor competed with social insurance benefits to the middle-class, often being side-tracked as a result of weak political influence. The capacity of government to address economic inequality was stretched to the breaking point by the Great Recession of 2008. While many governments instituted Keynesian stimulus spending to reboot their economies, this proved inadequate. At its height in the U.S., the federal stimulus boosted the economy only 1.6 percent (Krugman, 2013); subsequently, millions of Americans struggled to reconcile stagnant wages with household expenses, although the Great Recession had technically ended in 2009 (Stiglitz, 2015). Indeed, for the first time, the median income of the bottom 90 percent of households actually fell, despite economic recovery (Reich, 2015).

In addition to these factors, federal social policies became adversarial with respect to immigrant populations, especially those who were low-income. The welfare reform of 1996 denied aid through Temporary Assistance for Needy Families to immigrants for a period of five years. Subsequently, federal legislation has impeded immigrants from receiving benefits from many public assistance programs targeting the poor. "As a result, the participation of immigrants in public benefit programs decreased sharply after passage of the 1996 welfare reform law, causing severe hardship for many [poor immigrant] families who lacked the support available to other low-income families," concluded the National Immigrant Law Center (2010). Denied access to public assistance, poor immigrant households had little recourse but to be even more resourceful.

Thus, despite evidence that immigrants do not represent a fiscal drain on welfare states (Somin, 2014), national governments tended to respond by denying public assistance benefits to immigrant families. Capital accumulation having become increasingly problematic due to adverse policies, low-income, immigrant households have had little choice but resort to indigenous savings strategies. Fortunately, these are readily available, since rotating savings groups are part of their cultural heritage. Unfortunately, asset limits codified through conventional social policy often punish those engaged in such strategies by effectively prohibiting savings.

Susu

In light of a worsening economy and declining public support, many immigrant households turned to *susu*, already an integral part of their communities. *Susu* is a form of Rotating Savings and Credit Associations (RoSCAs) through which people agree to save a predetermined amount over a specific period of time, at the end of which the total amount is dispersed to a member; the next cycle provides a benefit to another member of the group. For example, a *susu* would be formed by a group of ten, committing to contribute \$100/month for a year; the beneficiary would receive \$12,000, sufficient to buy a used car or make a down payment on a home.

Table 1. RoSCA/Su-Su System Based on 5 Participants with Monthly Payments of \$100

Members	Contributions by Month (in dollars)					Total Paid	Difference in Amount Received Less Paid = Net gain (Loss)
	t1	t2	t3	t4	t5		
P1 (Organizer)	100	100	100	100	100	500	0
P2	100	100	100	100	100	500	0
P3	100	100	100	100	100	500	0
P4	100	100	100	100	100	500	0
P5	100	100	100	100	100	500	0

Adapted from Ardener (2014).

An indigenous form of savings, *susu* places a premium on group solidarity, evident in the selection of a leader whose responsibility is management of group savings. Notably, *susu* is an informal arrangement, disconnected from mainstream institutions, such as banks or welfare. As an indigenous form of savings, *susu* has become an important part of the economics of immigrant communities, especially as immigrants have negative experiences with banks or credit unions and are excluded from benefits from public assistance programs.

A typical *susu* consisting of five members contributing \$100 monthly would pay out \$500 every five months, a total of \$2,500. This scenario is indicated in Table 1.

Susu is notable in several respects. First, participants in *susu* commit to a savings plan that requires self-discipline, specifically budgeting, which may prove difficult in light of the expense shocks experienced by indigent immigrants. Second, group solidarity both encourages members to stay current with contributions while dissuading the organizer, who holds savings, from stealing group savings. A Chinese RoSCA, *hui*, in New York City was reported to have reached \$200,000 when the organizer fled; members subsequently hired gang members who murdered the thief (Fan, 2015). Third, because *susu* operates outside the formal economy, financial gain is not reported as income, so taxes are evaded; however, by the same token, a credit history becomes difficult to establish for participants.

Variations in *Susu*

Susu, common in many Caribbean, South American and African countries, seems to have originated in Africa. Unlike pyramid schemes where those at the top of the system profit from those at the bottom, *susu* ensures that everyone contributes equally and in turn receives an equal payment. In Guyana, the "box" is one of the oldest informal pooled financing mechanisms that caters to the needs of marginalized business entrepreneurs. Practiced mostly by Afro-Guyanese women, this form of saving is usually organized by groups of individuals each of whom contributes (throws) a pre-determined amount of money to a pool on a weekly, fortnightly or monthly basis, for a predetermined period. During this period, each member of the group receives the total sum of the pool (also called a

draw) at the end of the time interval chosen by the group, until each person would have received their draw. The process is then repeated.

Although *sususu* are similar globally, variations have evolved. In Jamaica, the pool is run for 15 weeks and each week one of the fifteen members gets paid. Then an extra week is added, week 16, for consideration of the individual who organized the *sususu*. Sometimes members may fall short of their contribution for a week or two, and the individual who organized the *sususu* is responsible for filling in that missing amount so that no one is ever short of their full share of payment. In Jamaica, potential members must work or they cannot be involved in the *sususu*. This is done for two reasons. First, it ensures the group that the member has the means to cover his/her contribution. Second, most people are tied to their jobs. If someone wants to take their share and leave, they can easily move, but it would be a little more difficult for them to change their place of employment. In the event that someone wants to take their share and run, the leader or members of the pool would know exactly where to locate them in order to retrieve those funds.

In Kenya, *sususu* is called "merry-go-round" or in native language, *chama*. Members of the same family, co-workers, friends, and church members agree to contribute a fixed amount, often beginning at 100 shillings (US \$1.30), pool the money, and give a designated member the proceeds at the end of the cycle. The pooling of money is done on a weekly or monthly basis depending on members' agreement and their financial situation. Since the majority of the *chamas* do not have set rules, they are operated wholly on trust; however, the least trustworthy member stands to receive the money last. *Chama* has become so large that the Kenya Association of Investment Groups has written a handbook to promote best practices and lobby for network expansion (Kara, Kanyl, & Weru, 2014).

Household Finance for Immigrants

Despite its indigenous origins, *sususu* represents a form of savings, which is related to anti-poverty efforts in the U.S. As Michael Sherraden (1991) observed, most public assistance is consumption oriented, benefits being at such low levels that

they are quickly exhausted. Compounding the consumption orientation to public assistance, means-tested eligibility requirements for programs, such as Temporary Assistance for Needy Families, Supplemental Security Income, and Medicaid, actually prohibit low-income households from saving minimal amounts, often \$2,000. As noted above, many immigrants are disallowed public assistance for a period of at least five years.

Sherraden's concept of Individual Development Accounts (IDAs)—dedicated, matched savings for buying a first-time home, finishing vocational school or college, or starting a business—departs from the consumption focus of public assistance by encouraging the poor to save. Subsequently, in 1998 the Assets for Independence Act was passed, authorizing \$125 million over five years to subsidize IDAs. Efforts to expand asset-building savings strategies through a universal child saving account have been unsuccessful, leaving public aid focusing on consumption as opposed to savings.

In contrast to the public sector, private financial activities have been largely ignored as regards low-income households, the presumption being that these are beyond the purview of government. The exception has been Alternative Financial Services (AFS), including check-cashers, payday and auto title lenders, pawnshops, rent-to-own furniture and appliances, and buy-here-pay-here used car sales (Stoesz, 2013). Advocacy organizations, such as the Center for Responsible Lending and the National Consumer Law Center, have cited abuses of AFS vendors, especially regarding high fees and interest, petitioning the Consumer Financial Protection Bureau for stiffer regulation (Stoesz, 2014). AFS has expanded during recent decades as low-income consumers, desperate to pay routine bills as well as emergency bills, have been unable reconcile expenses with income. In effect, AFS subsidizes consumption at the expense of savings.

In light of the options available to the immigrant poor, *susu* represents a functional solution to family finance. When public assistance is not available, and AFS is accessible but costly, savings options are limited to IDAs, which are not universally available; hence, *susu* becomes a viable savings strategy. These options are classified in Table 2.

In this respect, *susu* represents an important addition to the

array of financial services and welfare programs available to low-income households. By emphasizing savings, *susu* serves as a substitute for consumption-oriented services and programs. As a private voluntary initiative, *susu* avoids the high fees and interest of Alternative Financial Services.

Table 2. Financial Options

		Auspice	
		Private	Public
Finances	Consumption	Alternative Financial Services	Temporary Assistance for Needy Families
	Savings	Susu	Individual Development Accounts

Integration with Mainstream Finance

Despite the merits of *susu*, its relationship with mainstream financial institutions has been problematic. Here, the banking experiences of the poor in developing countries are instructive, where savings groups, in various forms, have become common (Sutton & Jenkins, 2007). By and large, commercial banks in developing countries still fail the low-income majority, although some of the banks have been working to change the picture (Rhyne, 2009). The poor are often precluded from opening traditional bank accounts due to high transaction fees, required minimum deposits, and the physical distance between the client and the bank; in spite of this, the poor still find ways to save, often through traditional networks and institutions (Sutton & Jenkins, 2007). Commercial borrowing can be expensive; the borrower will have to pay back the loan itself, plus pay additional interest on the amount received. Thus, borrowing can also be risky, difficult, and stressful (Rim & Rouse, 2002).

Moreover, access to available bank financial products has been limited. In the Philippines, there is only one savings account for every three adults; in Kenya the ratio is one for every fourteen (perhaps explaining why *susu* savings clubs are

so popular in Kenya) (Rhyne, 2009). For many people, being able to save money for a rainy day poses difficulty when they are faced with their everyday needs. But being involved in a group makes it easier for themselves, along with others, to pool their resources and be able to support each other, while at the same time avoiding high interest rates and credit repayment fees. In this respect, the Grameen Bank has become iconic as a peasant-friendly commercial financial institution that serves the poor, especially rural women. Since inception, the Grameen Bank has loaned US \$18.9 billion with a repayment rate above 98 percent; 8.9 million borrowers have taken out loans (Grameen Bank, 2016).

Susu has been especially relevant to housewives who are often responsible for handling family finances (Sarpong & Adusei, 2014). Since many of the peer-to-peer lenders refuse to make loans to businesses, *susu* becomes an important source of investment for entrepreneurs. The problem for entrepreneurs is that an individual loan shows up as a debt on their credit report, which may lower their credit score. *Susu* avoids this problem through a scheme that is group savings, not borrowing. Yet, because *susu* is informal, it prevents participants from building a credit history, which is predicated on borrowing (Peavler, 2015), hence the importance of collaborating with a bank, such as Barclays, in order to build a credit history.

In Ghana, Barclays works with traditional *susu* collectors, who act as "walking saving accounts." By offering a range of services via the *susu* collectors, Barclays has raised awareness of formal savings mechanisms, given clients greater security, and enabled them to build their credit profiles (Sutton & Jenkins, 2007). A major component of finance for urban poor entrepreneurs in Ghana, particularly apprentices and artisans, has been the daily or weekly contribution of fixed amounts through *susu*. These savings are accessed after a period of time and used for purchasing tools and equipment necessary for setting-up artisans in their vocational practices (Alabi, Alabi, & Ahiawodzi, 2007). Evolving peer-to-peer lending, where the goal is to help out individuals with an affordable loan, the Susu Collectors Association has worked with Barclays to extend credit to low income households. Barclays anticipates replicating the model elsewhere in Africa. But Barclays Ghana

noted that a truly financially inclusive society can only be achieved by supporting existing indigenous financial institutions that already provide financial services. Barclays has been among the few banks that have adopted the *susu* concept as a micro-finance product (Alabi et al., 2007).

Financial literacy is of utmost importance in order for any person or group to be financially successful; hence, mainstream institutions have promoted financial literacy. Clients and potential clients with little exposure to formal banking may not fully understand fee structures or interest charges. Trust in financial institutions has been low; as a result, commercial financial institutions undertake financial literacy programs to build confidence with consumers. Citigroup has provided general financial literacy education in the United States and abroad, focusing on topics such as responsible use of credit cards, using employee volunteers and paper- and web-based methods. For instance, Citibank China, as part of a 10-year \$200 million effort, launched a comic book stressing the importance of sound financial judgment. Deutsche Bank provides financial literacy training targeted specifically at clients of the microfinance institutions in which the company invests. Similarly, Barclays trains the savings clients of its traditional *susu* collectors.

Significantly, Barclays is among the few banks that have adopted *susu* as a micro-finance product, compensating for the failures of *susu* companies that emerged during the 1980s (Aretey, 1998). Such programs strengthen local money management knowledge and skills, enabling communities to use financial services effectively to expand their economic opportunities. Remittances are another financial product that have been associated with *susu* (Sutton & Jenkins, 2007). In Guyana, monies were sent to families abroad who were able to make *susu* contributions. Technology has further evolved *susu* by introducing mobile banking. From a client base of 500, Financial Republic, a micro-finance company, now serves more than 3,000 active customers, with almost the same number having benefited from the company's range of products and services, as reported by Elvis Gyasi, Director of Financial Republic:

We are in this business to augment government's efforts at bridging the gap between the banking population

and the unbanked, as well as poverty alleviation as enshrined in the Millennium Development Goals, to provide financial services to the informal sector—that is, to empower our clients by encouraging a savings culture and providing micro-loans in a cost-effective and sustainable manner. (African Business Magazine, 2012, para. 10)

Conclusion

Indigenous methods of savings represent an important way for marginalized communities to accrue assets for personal and business purposes, a compelling development given the exclusion of immigrants from public welfare benefits. Depictions of such economic activity as "fringe economic behavior" (Kindle & Caplan, 2015) fail to reflect not only the constructive aspect of RoSCAs, but also the fact that immigrants have few other means for accruing capital. Typically, poor households fail to receive public assistance; currently, only one-third of low-income households receive aid (Fusaro, 2015), although the percent of poor immigrants is certainly lower. As a result, many poor families resort to AFS providers, who attach high fees and interest to credit (Stoesz, 2014).

As alternatives to traditional public assistance, innovators have experimented with savings strategies that use solidarity as collateral. Indeed, the Family Independence Initiative, developed by Maurice Lim Miller, awards groups of families according to self-reports of accomplishments relating to five areas: income, education, health and housing, leadership, and networking. Families can earn up to \$600/quarter, sufficient to contribute to upward mobility (Stuhldreher & O'Brien, 2011). As support for savings strategies flags, private sector innovations that capitalize on solidarity become attractive alternatives to conventional public assistance. Combined with IDAs and the refundable tax credits, such as the Earned Income and Childcare Tax Credits, solidarity-based strategies not only promote upward mobility, but also evade the crippling asset limits of means-tested public assistance. As the welfare state is less capable of addressing the economic needs of lower-income Americans (Stoesz, 2016), alternative sources of capital accumulation become essential to alleviate poverty.

References

- African Business Magazine. (2012, March 20). *Ghana: How Susu evolved into micro-finance*. Retrieved from <http://africanbusinessmagazine.com/uncategorised/ghana-how-susu-evolved-into-microfinance/>
- Alabi, J., Alabi, G., & Ahiawodzi. A. (2007). A traditional micro-finance mechanism on organized and unorganized micro and small enterprises. *African Journal of Business Management*, 1(8), 202-205.
- Ardener, S. (2014). The comparative study of rotating credit associations. *The Journal of the Royal Anthropological Institute of Great Britain and Ireland*, 94(2), 201-229.
- Areetey, E. (1998). *Background paper*. Accra, Ghana: African Development Report.
- Atkinson, A. (2015). *Inequality*. Cambridge, MA: Harvard University Press.
- Baptist, E. (2014). *The half has never been told*. New York: Basic Books.
- Fan, J. (2015, October 12). The accused. *New Yorker*.
- Franklin, J. (1980). *From slavery to freedom*. New York: Knopf.
- Fusaro, V. (2015). Who's left out? *Journal of Sociology and Social Welfare*, 42(3), 65-85.
- Garfinkel, I, Rainwater, L., & Smeeding, T. (2010). *Wealth & welfare states*. New York: Oxford University Press.
- Grameen Bank. (2016, March). *Monthly reports, 3-2016*. Retrieved from <http://www.grameen-info.org/monthly-reports-3-2016/>
- Kara, P., Kanyl, S., & Weru, Z. (2014). *The Chama handbook 2014* (2nd ed.). Nairobi, Kenya: Raspberry Haven Ltd. Custom Publishing Services.
- Kindle, P., & Caplan, M. (2015). Understanding fringe economic behavior. *Journal of Sociology and Social Welfare*, 42(1), 49-71.
- Krugman, P. (2013, August 30). Too little, gone too soon. *New York Times*.
- National Immigrant Law Center. (2010). *Overview of eligibility for federal programs*. Retrieved from <https://www.nilc.org/overview-immeligfedprograms.html>
- Peavler, R. (2015). *Peer to peer lending: A source for small business financing*. Retrieved from http://bizfinance.about.com/od/alternativesources/a/Peer_to_Peer_Lending.htm
- Piketty, T. (2014). *Capital in the twenty-first century*. Cambridge, MA: Harvard University Press.
- Plender, J. (2015). *Capitalism*. London: Biteback Publishing.
- Reich, R. (2015). *Saving capitalism*. New York: Knopf.
- Rhyne, E. (2009). *Microfinance for bankers and investors: Understanding the opportunity at bottom of the pyramid*. Center for Financial Inclusion. Retrieved from <http://cfi-blog.org>
- Rim, J-Y., & Rouse, J. (2002). *The group resource savings book*. Rome: FAO Corporate Document Repository.

- Sarpong, A., & Adusei, M. (2014). Multinomial logistic analysis of "SUSU" contribution in Ghana. *Journal of Economic and Social Development*, 1(1), 96-105.
- Sherraden, M. (1991). *Assets and the poor*. Armonk, NY: ME Sharpe.
- Somin, I. (2014). Increased Immigration Is Unlikely to Increase the Size of the Welfare State," Washington Post, February 18.
- Stiglitz, J. (2012). *The price of inequality*. New York: W.W. Norton.
- Stiglitz, J. (2015). *The great divide*. New York: W.W. Norton.
- Stoesz, D. (2013). The consolidation of the secondary financial services market. *Journal of Sociology and Social Welfare*, 41(3), 115-132.
- Stoesz, D. (2014). Are payday loans really evil? *Journal of Sociology and Social Welfare*, 41(4), 3-22.
- Stoesz, D. (2016). *The dynamic welfare state*. New York: Oxford University Press.
- Stuhldreher, A., & O'Brien, R. (2011). *The family independence initiative*. Washington, DC: New America Foundation.
- Sutton, N., & Jenkins, C. (2007). *The role of financial services sector in expanding opportunity*. Cambridge, MA: Kennedy School of Government.

Friends or Foes: The Impact of Political Ideology and Immigrant Friends on Anti-immigrant Sentiment

ELIZABETH KIEHNE

Arizona State University

CECILIA AYÓN

University of California at Riverside

In recent years, an increase in anti-immigrant sentiment has been witnessed in the United States, particularly from politically conservative groups. According to intergroup contact theory, increased contact between in-group and out-group members, especially cross-group friendships, has been found to reduce intergroup prejudice. This study analyzed nationally representative U.S.-based data ($n = 1,000$) from the Transatlantic Trends Survey, 2013 to examine if having immigrant friends interacted with political ideology, such that having immigrant friends weakened the association between conservative ideology and anti-immigrant sentiment. Findings revealed that immigrant friends and political ideology each had a significant but opposite main effect on anti-immigrant sentiment, but that having immigrant friends did not moderate or buffer the effects of political ideology on anti-immigrant sentiment. Thus, aligning with a conservative political ideology is associated with anti-immigrant sentiment irrespective of having immigrant friends. Strategies to increase intergroup contact and promote cross-group friendships are included, and directions for future research are offered.

Key words: anti-immigrant sentiment, immigration, political ideology, contact theory

Recognized as a nation of immigrants (Ditlmann, Purdie-Vaughns, & Eibach, 2011), the United States hosts a larger foreign-born population than any other nation (United Nations, 2011). Approximately one in eight people (43 million) in the country are immigrants (Motel & Patten, 2013). Despite being

Journal of Sociology & Social Welfare, September 2016, Volume XLIII, Number 3

a nation built by immigrants, public attitudes toward most foreign-born groups (particularly those that are non-white) have fluctuated between lukewarm and negative throughout most of U.S. history (Byrne & Dixon, 2013; Kang, 2012). In recent decades, a growing wave of anti-immigrant sentiment has been seen in the U.S. (Becerra, 2012; Byrne & Dixon, 2013). Prolific stereotypes that cast immigrants in a destructive light (Johnson, 2004), negative media portrayals (Fryberg et al., 2011), unfavorable public opinion polls (Segovia & DeFever, 2010), and restrictive policies (Byrne & Dixon, 2013) are evidence of the growing hostility toward immigrants.

Paralleling this reality is an increase in perceived discrimination and hardship for many immigrants (Araujo & Borrell, 2006; Pulido, 2007). A recent poll by the Pew Research Center surveyed the largest foreign-born group in the U.S., finding that 70% of Latino immigrants feel that discrimination is a major problem preventing their success in the U.S. (Lopez, Morin, & Taylor, 2010). Perceived discrimination has a multitude of detrimental effects on immigrants' physical and mental well-being. It is linked with depression and anxiety (Araujo & Borrell, 2006; Lassetter & Callister, 2009; Pascoe & Smart Richman, 2009; Williams & Mohammed, 2009), as well as reduced social skills, academic competence, and self-esteem among children (Coll & Magnusson, 1997; Oxman-Martinez et al., 2012).

The salience of anti-immigrant sentiment and its deleterious impact on immigrants warrants research aimed at better understanding strategies to prevent and mitigate negative sentiment toward immigrants in the U.S. Intergroup contact theory (ICT) is a prominent theoretical framework shedding light on factors that improve intergroup relations (Allport, 1954). The theory contends that greater interaction between members of an in-group (e.g., natives) and out-group (e.g., immigrants) attenuates prejudice, and that cross-group friendships are particularly influential (Pettigrew, Tropp, Wagner, & Christ, 2011). Drawing upon this contention, the present study examines the relationship between political ideology, having immigrant friends, and anti-immigrant sentiment among a nationally representative sample of Americans. Specifically, this study explores if having immigrant friends moderates the established link between political ideology and anti-immigrant

sentiment.

Background

Anti-Immigrant Context

A growing tide of decisively anti-immigrant sentiment has been witnessed in the U.S. in recent years (Becerra, 2012; Byrne & Dixon, 2013). This sentiment is driven by and witnessed in common threats perceived by natives to emanate from immigrants (Stephan, Renfro, Esses, Stephan, & Martin, 2005). Being in competition with immigrants over resources is a persistent belief held by Americans, particularly in times of economic hardship (Esses, Brochu, & Dickson, 2012). Immigrants are often viewed as draining the welfare system and taking jobs from natives (Esses et al., 2012; Johnson, 2004). They are also portrayed as failing to assimilate to the American way of doing things and threatening America's national identity (Schildkraut, 2005). Furthermore, immigrants are sometimes depicted as criminals, drug traffickers, and terrorists who compromise nationals' safety and security (Johnson, 2004). These threatening perceptions of immigrants both generate and reflect the growing anti-immigrant sentiment in the U.S. (Esses, Dovidio, Jackson, & Armstrong, 2001; Esses, Hodson, & Dovidio, 2003; Schildkraut, 2005).

Reflective of anti-immigrant sentiment and the threats natives perceive immigrants pose, a number of hostile policies have been passed in recent years. In 1994, California passed Proposition 187 with the intent of restricting undocumented immigrants' access to public benefits, such as welfare services and education (Esses et al., 2012; Hovey, Rojas, Kain, & Magana, 2000). The law also mandated public employees, such as police officers, school teachers, and health care professionals, to report those they suspected to be in the country without authorization to the Immigration and Naturalization Service (Diaz, Saenz, & Kwan, 2011; Hovey et al., 2000; Lee, Ottati, & Hussain, 2001).

In 2010, Arizona passed the infamous Senate Bill 1070 which, among other things, required undocumented immigrants to carry alien registration documents that noted their lack of legal status, as well as gave state law officers the authority to conduct warrantless arrests of anyone they

suspected to be undocumented (Morse, 2011). Furthermore, under the law, anyone who aided and abetted an undocumented immigrant could be fined and charged with a misdemeanor. Within months of this bill being passed, over 20 states introduced similar legislation, with Alabama, Georgia, Indiana, South Carolina, and Utah going on to pass such bills (American Civil Liberties Union, n.d.; Morse, 2011). California's Proposition 227 and Arizona's Proposition 203 also highlighted the class of discriminatory legislation against immigrants. Both laws restricted bilingual education and enforced English-only and English immersion programs for immigrant children (Schildkraut, 2005; Stritikus & Garcia, 2005).

Conservatism and Anti-Immigrant Sentiment

Formerly, anti-immigrant attitudes, rhetoric, and policies came from radical far-right ideologies; however, today, an anti-immigrant agenda is visible in mainstream politics (Byrne & Dixon, 2013). Anti-immigrant propaganda is often initiated and perpetuated by politically conservative groups (Byrne & Dixon, 2013) who tend toward an exclusionist stance regarding immigration (Massey & Pren, 2012). Anti-immigrant rhetoric has been repeatedly expressed in Republican candidates' political platforms and campaigns (Burns & Gimpel, 2000). A number of studies have supported the link between conservatism and anti-immigrant sentiment empirically; compared to liberals, those who have more conservative political ideologies are more likely to harbor disfavor for immigrants (Ha, 2008; Massey & Pren, 2012; Schildkraut, 2005).

Intergroup Contact Theory

According to intergroup contact theory (ICT), an inverse relationship exists between intergroup contact and prejudice (Allport, 1954; Pettigrew & Tropp, 2006). As exchange and interaction between in- and out-group members increases, prejudice decreases (Pettigrew & Tropp, 2006). First conceptualized by Allport (1954), ICT emerged during the civil rights era at a time when the U.S. was desegregating (Deutsch & Collins, 1951; Wilner, Walkley, & Cook, 1955; Works, 1961). Allport (1954) originally stipulated that four conditions must be in place for intergroup contact to reduce prejudice, including: (a)

equal status between groups within the setting being studied; (b) shared goals; (c) intergroup cooperation; and (d) supportive authorities, customs, or laws. However, these conditions are no longer understood to be critical components of positive outcomes; instead, they are now seen as facilitators but not necessary conditions, of prejudice reduction (Pettigrew et al., 2011).

A substantial body of national and international empirical support for ICT exists. According to a meta-analysis conducted by Pettigrew and Tropp (2006), over 500 studies from nearly 40 countries have tested the utility and application of the theory across a multitude of settings and populations. The inverse relationship between contact and prejudice has held across the vast majority of studies, which have used both affective (e.g., liking) and cognitive (e.g., stereotypes) indicators of prejudice (Pettigrew et al., 2011). While both yield negative associations with contact, affective indicators of prejudice tend to reduce more quickly (Pettigrew & Tropp, 2006). The positive impact of intergroup contact also extends to other outcomes beyond prejudice reduction, such as a reduction in individual and collective threat perception, anxiety, and in-group identification, as well as increases in perspective taking, trust, and forgiveness (Pettigrew et al., 2011; Pettigrew & Tropp, 2008). Several of these factors have been identified as salient mediators of the contact-prejudice relationship, namely increased knowledge, reduced anxiety, and increased empathy, with the latter two affective factors being the strongest mediators (Pettigrew & Tropp, 2008).

The positive benefits of contact have been found to extend beyond the specific out-group members implicated in the interaction and to generalize to the entire out-group (Pettigrew & Tropp, 2011). There is also evidence to suggest that contact has a secondary transfer effect; interaction with members of one out-group is associated with less prejudice not just for that out-group, but for other groups as well (Ha, 2008; Pettigrew, 2009). Moreover, it is not just first-hand intergroup contact that promotes a reduction in prejudice; vicarious contact (e.g., through media) and second-hand contact (e.g., an out-group friend of a friend) also have prejudice reducing effects, although perhaps weaker (Pettigrew, Wagner, Christ, &

Stellmacher, 2007; Turner, Hewstone, Voci, Paolini, & Christ, 2007; Wright, Aron, & Brody, 2008).

Immigrant Friends and Anti-Immigrant Sentiment

The quality of intergroup contact serves as a strong moderator of the relationship between contact and prejudice (Pettigrew et al., 2011). Specifically, the closeness of relationships with out-group members is an important factor; cross-group friendships have a more impactful and longer-lasting prejudice-reducing effect than less intimate contact, such as that with a neighbor or coworker (Turner et al., 2007; Pettigrew, 1998). This may be the product of greater self-disclosure that occurs in the context of friendship, facilitating a sharper decline in prejudice (Pettigrew et al., 2011). Further, cross-group friendships may be more likely to embody the optimal conditions specified by Allport that yield a reduction in prejudice (i.e., shared goals, cooperation, and equal status) (Pettigrew et al., 2011).

A number of studies have examined the impact of contact and friendships with immigrants on prejudice, finding more contact to relate to greater favorability toward the population (Ceballos & Yakushko, 2014; González, Sirlopu, & Kessler, 2010; Pettigrew, 1997; Valentova & Berzosa, 2011). However, few studies have been conducted in the U.S. (Ceballos & Yakushko, 2014). To the authors' knowledge, no studies have examined the relationship between contact with immigrants and prejudice among a nationally representative sample of Americans.

Current Study

Based on prior research that links anti-immigrant sentiment to political ideology and the empirically-validated theoretical propositions of ICT, the present study examines the impact of Americans' location on the liberal-conservative dimension and having immigrant friends on negative attitudes toward immigrants. We hypothesize that having a more conservative political ideology will be associated with greater anti-immigrant sentiment. Conversely, we expect that having immigrant friends will be associated with less anti-immigrant sentiment. Finally, we hypothesize that having immigrant friends will

moderate the relationship between political ideology and anti-immigrant sentiment, such that having immigrant friends will attenuate the direct correlation between conservative ideology and anti-immigrant sentiment.

Method

Procedure

This study analyzed nationally representative data from the Transatlantic Trends Survey, 2013 (Stelzenmueller, Eichenberg, Kennedy, & Isernia, 2013). Cross-sectional data were collected from the U.S., Turkey, and 11 European Union countries on public opinions related to a number of global concerns, including immigration ($N = 13,049$). Multi-stage random (probability) sampling was used. Random digit dialing was employed to call landline and mobile phone numbers to recruit participants over the age of 18 years. The household member was selected at random using the closest birthday rule. In most countries, including the U.S., interviews were conducted in June of 2013 using computer-assisted telephone interviewing (Stelzenmueller et al., 2013). Due to the high rate of immigration to the U.S. and the country's recent spike in anti-immigrant sentiment and policies, only data from the U.S. were analyzed for the present study ($n = 1,000$).

Sample

Table 1 illustrates unweighted demographics related to the U.S. sample. Just over three quarters of U.S. respondents identified as White, with the remainder identifying as African American (13.3%), Hispanic (8.8%), Asian/Asian American (2.5%), and other (7.4%). A slight majority of respondents were female (52.2%), and the mean age was 55.4 years. Just over two-thirds of participants reported having a high school diploma (37.9%) or a college degree (36%). The vast majority (84.4%) of participants identified as religiously affiliated.

Measures

The outcome measure for this study was an anti-immigrant sentiment scale. Table 2 displays the five items eliciting participants' attitudes toward immigrants that comprise the

scale. Response options for each item were dichotomized to represent favorable or unfavorable sentiment toward immigrants. Scores were summed (range = 0 to 5), with a higher score indicating more anti-immigrant sentiment. According to a factor analysis, the items explained 53.36% of the variance and loaded as one factor. Factor loadings for each item ranged from .48 to .64. The scale had a Cronbach's alpha of .78.

Table 1. Unweighted Participant Demographics (n = 1,000)

	f	%	M	SD
Race / ethnicity				
White	748	76.8		
African American	130	13.3		
Hispanic	88	8.8		
Asian	24	2.5		
Other	72	7.4		
Female	522	52.2		
Age			55.4	18.1
Immigrant	74	7.4		
Immigrant parent(s)	78	7.9		
Level of education				
Elementary or less	11	1.2		
Some high school	73	7.7		
High school graduate	358	37.9		
College graduate	340	36		
Post-graduate degree	163	17.2		
Religiously affiliated	816	84.4		
Political ideology				
Extremely liberal	36	4		
Liberal	46	5.1		
Slightly liberal	155	17.1		
Moderate	266	29.3		
Slightly conservative	212	23.4		
Conservative	90	9.9		
Extremely conservative	102	11.2		
Immigrant friends	635	64.9		
Anti-immigrant sentiment (range: 0-5)			2.3	1.7

Note: Race/ethnicity percentages do not add up to 100, as Hispanic ethnicity was a separate item distinct from race.

Table 2. Anti-Immigrant Sentiment Scale Items

Item	Response Options	Alpha
"Generally speaking, how do you feel about the number of people living in the U.S. who were not born in the U.S.? Are there too many, a lot but not too many, or not many?"	0 = Not many/ A lot but not too many 1 = Too many	.711
"Can you tell me if you are worried or not worried about illegal immigration?"	0 = Not worried 1 = Worried	.707
"Could you please tell me how much you agree or disagree with the following statement? -Immigrants take jobs away from native-born Americans"	0 = Strongly disagree/ Disagree somewhat 1 = Agree strongly/ Agree somewhat	.738
"Could you please tell me how much you agree or disagree with the following statement? -Immigrants are a threat to our national culture"	0 = Strongly disagree/ Disagree somewhat 1 = Agree strongly/ Agree somewhat	.692
"Some people say that immigration is more of a problem for the U.S. Others see it as more of an opportunity for the U.S. Which comes closer to your point of view?"	0 = Immigration is an opportunity 1 = Immigration is a problem	.800

The predictor variables for the study consisted of location on the liberal-conservative dimension and immigrant friends. One item elicited participants' ideological orientation: "In politics, people sometimes talk of 'left' and 'right'. Where would you place yourself on a scale from 1 to 7 where '1' means the extreme left and '7' means the extreme right?" (i.e., scale ranged from 1, extremely liberal/left, to 7, extremely conservative/right). The immigrant friends item ("Do you have any friends that were born in another country that now live in the U.S.?") was dichotomized, with 0 representing no immigrant friends and 1 representing a few or many immigrant friends.

A number of demographics were controlled for in the models. They included: gender (0 = male, 1 = female), age (continuous), race/ethnicity (Black, Hispanic, Asian, and "other" dummy coded, with White participants as the reference category), nativity (0 = native-born, 1 = foreign-born), parents' nativity (0 = native-born, 1 = foreign-born), level of education (1 = elementary or less to 5 = post-graduate degree), and religious affiliation (0 = not religious, 1 = religious). These variables were controlled for due to prior literature

suggesting they have a relationship with anti-immigrant sentiment (Berg, 2009; Citrin, Green, Muste, & Wong, 1997; Fennelly & Federico, 2008; Hussey & Pearson-Merkowitz, 2011; McDaniel, Nooruddin, & Shortle, 2011).

Analysis

The analyses were completed using Mplus's Maximum Likelihood Robust (MLR) estimator, as it accounts for missing data; MLR assumes missing data are missing at random (Muthén & Muthén, 1998-2006). To account for the probability sampling procedures, we used a weight command to adjust the standard errors and population parameters. The models' fit was assessed by examining the Comparative Fit Index (CFI) and Tucker-Lewis Index (TLI). Generally, CFI and TLI values of 0.90 or higher indicate good model fit.

A hierarchical regression analysis was conducted to determine the moderator effect of the relationship between immigrant friends and political ideology on anti-immigrant sentiment. The first block in the model included the control variables. The second block added political ideology and immigrant friends. A main effect was deemed present when, after controlling for the control variables, political ideology and immigrant friends were significant predictors of anti-immigrant sentiment. In the third and final block, the interaction term political ideology \times immigrant friends was added to the model. The predictors and interaction term were mean-centered prior to completing the analysis. Following the guidelines of Cohen and Cohen (1983), a moderation effect would be deemed to exist if the following conditions were satisfied: (a) the coefficient for the interaction term was statistically significant; and (b) the interaction term significantly increased the amount of variance explained in the dependent variable.

Results

As illustrated in Table 3, the analysis was performed in three steps. The first model (CFI = 1.0; TLI = 1.0) consisted of the demographic control variables and was significant, accounting for 16.5% of the variance in anti-immigrant sentiment ($R^2 = .165$, $p < .001$). The second model (CFI = 1.0; TLI = 1.0) was also significant and demonstrated the impact of political

ideology and immigrant friends on anti-immigrant sentiment. The model accounted for 19.6% of the variance in anti-immigrant sentiment ($R^2 = .196$, $p < .001$). A number of demographics were significant. Participants' ethnicity, African American ($\beta = -.138$; $SE = .031$; $p < .001$) and Hispanic ($\beta = -.211$; $SE = .045$; $p < .001$), as well as higher levels of education ($\beta = -.139$; $SE = .034$; $p < .001$) were associated with lower levels of anti-immigrant sentiment. Approaching significance, having an immigrant parent was also related to less anti-immigrant sentiment ($\beta = -.069$; $SE = .036$; $p = .059$). Oppositely, being religiously affiliated was associated with higher levels of anti-immigrant sentiment ($\beta = .173$; $SE = .036$; $p < .001$). Holding the demographics constant, both substantive predictors, political ideology ($\beta = .143$; $SE = .035$; $p < .001$) and immigrant friends ($\beta = -.106$; $SE = .039$; $p < .01$), were statistically significant predictors of anti-immigrant sentiment in the hypothesized direction.

Table 3. Hierarchical Multiple Regression: Correlates of Anti-Immigrant Sentiment

Predictor	Model 1		Model 2		Model 3	
	β	SE	β	SE	β	SE
Female	-0.017	0.037	-0.006	0.036	-0.007	0.036
Age	0.037	0.037	0.018	0.037	0.020	0.036
African American	-0.127	0.033**	-0.138	0.031**	-0.137	0.031**
Asian	0.012	0.042	0.002	0.042	0.005	0.042
Hispanic	-0.203	0.046**	-0.211	0.045**	-0.212	0.046**
Other Race	-0.052	0.036	-0.057	0.037	-0.056	0.038
Foreign-born	-0.018	0.038	-0.030	0.039	-0.031	0.039
Foreign-born Parents	-0.094	0.036*	-0.069	0.036±	-0.070	0.036±
Education	-0.166	0.033**	-0.139	0.034**	-0.137	0.034**
Religiously Affiliated	0.193	0.037**	0.173	0.036**	0.173	0.035**
Political Ideology			0.143	0.035**	0.087	0.059
Immigrant Friends			-0.106	0.039*	-0.108	0.039*
Interaction Term					0.067	0.057
R ²	16.5**		19.6**		19.6**	

Note. * $p < .01$, ** $p < .001$, ± = approaching significance

The analysis did not support a moderation effect of political ideology and immigrant friends on anti-immigrant

sentiment (see Table 3). The final model (CFI = 1.0; TLI = 1.0) assessing the moderation effect was significant ($R^2 = .196$; $p < .001$). However, the interaction term was not significant ($\beta = .067$; $SE = 0.057$; $p = .239$), and there was no increase in the amount of variance accounted for by the model. In other words, immigrant friends did not buffer the effects of conservative political ideology on immigrant sentiment as predicted.

Discussion

This study examined the direct and moderation effects of political ideology and immigrant friends on anti-immigrant sentiment. The primary research hypothesis was supported, as political ideology and immigrant friends had direct but opposite effects on anti-immigrant sentiment. Consistent with the literature, conservative political ideology was highly correlated with harboring anti-immigrant sentiment (Ceballos & Yakushko, 2014). This may be the case in part because conservatives view immigration, especially unauthorized immigration, as a matter of law and order, whereas liberals understand the issue from a civil rights and social inequality perspective (Hopkins, 2010). In addition, findings supported ICT's proposition that increased contact leads to more favorable intergroup attitudes. Having immigrant friends was inversely related to anti-immigrant sentiment, which suggests that greater exposure to immigrants may help reduce or prevent the formation of prejudicial attitudes. Contrary to the secondary hypothesis that having immigrant friends would moderate the relationship between political ideology, particularly conservatism, and anti-immigrant sentiment, no interaction effect was found between the two variables. This indicated that while having immigrant friends was associated with less anti-immigrant sentiment, the presence of immigrant friends does not enhance, buffer, or change the impact of Americans' political ideology on anti-immigrant sentiment formation.

In addition to the main findings, several demographic correlates of anti-immigrant sentiment were exposed. African Americans and Hispanics had lower levels of anti-immigrant sentiment compared to Whites. This may be the result of these groups being oppressed themselves or having greater contact

with immigrants (Fennelly & Federico, 2008; Pettigrew, 1998). Additionally, consistent with prior studies, education was inversely related to anti-immigrant sentiment (Citrin et al., 1997; Espenshade & Calhoun, 1993; McDaniel et al., 2011). As labor market competition theory asserts, this may be due to less educated individuals having job skills parallel to those of immigrants, leading to greater perceived competition (Hainmueller & Hiscox, 2007; Kunovich, 2013; Scheve & Slaughter, 2001).

Having immigrant parents approached significance and was related to less anti-immigrant sentiment. Having immigrant parents provides a direct link to the lived experiences of immigrants. It is common for parents to share stories about their country of origin and immigrant experience with children (Ayón & Quiroz, 2013). In addition, individuals with a history of immigration tend to live in immigrant enclaves; thus, exposure to other immigrants is increased (Negi, 2013; Viruell-Fuentes, Miranda, & Abdulrahim, 2012). Lastly, compared to those who reported no religious affiliation, those who were religious had less favorable attitudes toward immigrants. Similarly, the Pew Research Center indicated that nearly 50% of their sample, regardless of their religious affiliation, stated the deportation of immigrants was "a good thing" (Lipka, 2014). While many faith leaders across the country have organized to support immigrants (Lipka, 2014), this does not imply that individual parishioners/members are supportive of immigrants.

Implications

With a mission of promoting social justice for oppressed and vulnerable populations, the field of social work has a duty to address discrimination faced by immigrants (National Association of Social Workers, 2008). Due to evidence of an inverse relationship between contact and prejudice, social workers should advocate for efforts that increase natives' contact with immigrants (Pettigrew, 1998). Efforts to promote intergroup contact are particularly valuable given that positive outcomes have been found to extend to the entire out-group as well as other out-groups through secondary effects (Pettigrew, 2009). Interventions may focus on the relationship between two groups, but by engaging in such interventions,

individuals learn to be more accepting of other diverse groups beyond the target group. Such interventions could serve to promote high quality positive intergroup contact that brings about friendships.

Efforts to promote intergroup contact should begin early in one's development, as children experience a critical shift in the understanding of race and ethnicity between the ages of 7-12 (Hughes, 2003). Additionally, evidence suggest that children in immigrant families are aware of the impact of anti-immigrant legislation on their families, as they voice concern for their parents' safety, as well as have questions about immigration status and anti-immigrant behavior (Yoshikawa, 2012; Ayón & Becerra, 2013). Given the vast amount of time children and adolescents spend at school with peers, this may be the most effective site to promote intergroup interaction. Within the classroom, this may involve curricular changes that incorporate issues of diversity. Several programs have shown promise. Examples include the use of multicultural storybooks (Wan, 2006), historical stories to teach about acceptance (Demircioglu, 2008), and "sharing songs" or engaging children in singing traditional songs from different cultures (Pascale, 2011). Additionally, diversity clubs on school campuses could provide a venue for high quality intergroup interaction that builds cross-group friendships. At the same time, interventions that target parents can engage parents in reflective dialogue about issues of diversity and how to talk to children about diversity, as well as promote self-awareness of parents' own biases and how these are transmitted to children.

At a community level, social workers can collaborate with immigrant advocates and community members to promote intergroup contact through direct and indirect methods. A direct approach, for example, would involve an intergroup dialogue process, which fosters greater understanding between group members through perspective sharing (Nagda & Maxwell, 2011). Indirect methods, such as the media, can also be used to share immigrants' stories and experiences with the general public.

Limitations and Future Research

As a secondary data analysis, this study was limited in

several ways. First, socioeconomic status could not be included as a control as the variable was absent from the dataset. Additionally, the self-report nature of the study represents a potential bias, as findings reflect participants' subjective experiences and perceptions. Finally, findings are correlational and cross-sectional and reflective of one point in time. Accordingly, causality and the ordinal sequence of immigrant friends and anti-immigrant sentiment cannot be established by the present study. Yet, this study adds to the empirical base by being the first to explore the direct and interaction effects of political ideology and immigrant friends on anti-immigrant sentiment among a large nationally representative sample of Americans.

Future research is needed to continue to explore the factors that both hinder and promote anti-immigrant sentiment formation. Further research should examine the impact of exposure to and friendships with immigrants through longitudinal studies and randomized control trials (RCTs). This would allow causal conclusions to be drawn and the ordinal sequence of variables to be confirmed, strengthening the empirical support for such relationships. RCTs could also serve to test the effectiveness of school-based interventions of intergroup contact between natives and immigrants. Additionally, studies should measure not just the presence of intergroup contact and cross-group friendships, but the quantity and quality of such interactions and friendships in greater depth. By elucidating rich data on the characteristics of intergroup contact that promote the most anti-immigrant sentiment reduction, policies and programs will be empirically grounded to more effectively reduce anti-immigrant sentiment and discrimination faced by immigrants.

Conclusion

Despite hosting more immigrants every year than any other nation, anti-immigrant sentiment is pervasive in the U.S. This study found that having more conservative political ideology increased Americans' harboring of negative sentiment toward immigrants. Conversely, consistent with ICT, having immigrant friends was associated with less anti-immigrant sentiment. This study informs targeted interventions aimed at curbing the formation of prejudice toward immigrants in the U.S. Efforts to promote exposure to immigrants may be

most effective with children and youth, as this age group may be most developmentally responsive to interventions involving meaningful intergroup contact. These efforts to abate the current wave of anti-immigrant sentiment, as well as impair future surges, are critical to the amelioration of discrimination for immigrant communities throughout the U.S.

References

- Allport, G. W. (1954). *The nature of prejudice*. Reading, MA: Addison-Wesley.
- American Civil Liberties Union. (n.d.). *Arizona's SB 1070*. Retrieved from <https://www.aclu.org/arizonas-sb-1070>
- Araujo, B., & Borrell, L. N. (2006). Understanding the link between discrimination, mental health outcomes, and life chances among Latinos. *Hispanic Journal of Behavioral Sciences*, 28, 245-266.
- Ayón, C., & Becerra, D. (2013). Latino immigrant families under siege: The impact of SB1070, discrimination, and economic crisis. *Advances in Social Work, Special Issue: Latinos/Latinas in the U.S.*, 14, 206-228.
- Ayón, C., & Quiroz, A. (2013). Promoting Mexican immigrant families' well-being: Learning from parents what is needed to have a strong family. *Families in Society*, 94, 194-202.
- Becerra, D. (2012). The impact of anti-immigration policies and perceived discrimination in the United States on migration intentions among Mexican adolescents. *International Migration*, 50, 20-32. doi: 10.1111/j.1468-2435.2012.00770.x
- Berg, J. A. (2009). Core networks and whites' attitudes toward immigrants and immigration policy. *Public Opinion Quarterly*, 73, 7-31. doi:10.1093/poq/nfp011
- Byrne, J., & Dixon, G. C. (2013). Reevaluating American attitudes toward immigrants in the twenty-first century: The role of a multireligious national identity. *Politics & Policy*, 41, 83-116. doi: 10.1111/polp.12002
- Ceballos, M., & Yakushko, O. (2014). Attitudes toward Immigrants in Nebraska. *Great Plains Research*, 24, 181-195.
- Citrin, J., Green, D. P., Muste, C., & Wong, C. (1997). Public opinion toward immigration reform: The role of economic motivations. *Journal of Politics*, 59, 858-881.
- Cohen, J., & Cohen, P. (1983). *Applied multiple regression/correlation analysis for the behavioral sciences* (2nd ed.). Hillsdale, NJ: Erlbaum.
- Coll, C. G., & Magnusson, K. (1997). The psychological experience of immigration. In A. Booth, A. C. Crouter, & N. Landale (Eds.), *Immigration and the family: Research and policy on U.S. immigrants* (pp. 91-131). Mahwah, NJ: Erlbaum.
- Demircioglu, I. H. (2008). Using historical stories to teach tolerance: The experiences of Turkish eighth-grade students. *Social Studies*, 99, 105-110.

- Deutsch, M., & Collins, M. E. (1951). *Interracial housing: A psychological evaluation of a social experiment*. Minneapolis, MN: University of Minnesota Press.
- Diaz, P., Saenz, D. S., & Kwan, V. S. Y. (2011). Economic dynamics and changes in attitudes toward undocumented Mexican immigrants in Arizona. *Analyses of Social Issues & Public Policy*, 11, 300-313. doi: 10.1111/j.15302415.2011.01255.x
- Ditlmann, R. K., Purdie-Vaughns, V., & Eibach, R. P. (2011). Heritage- and ideology-based national identities and their implications for immigrant citizen relations in the United States and in Germany. *International Journal of Intercultural Relations*, 35, 395-405.
- Espenshade, T. J., & Calhoun, C. A. (1993). An analysis of public opinion toward undocumented immigration. *Population Research & Policy Review*, 12, 189-224.
- Esses, V. M., Brochu, P. M., & Dickson, K. R. (2012). Economic costs, economic benefits, and attitudes toward immigrants and immigration. *Analyses of Social Issues and Public Policy*, 12, 133-137.
- Esses, V. M., Dovidio, J. F., Jackson, L. M., & Armstrong, T. L. (2001). The immigration dilemma: The role of perceived group competition, ethnic prejudice, and national identity. [Immigrants and immigration special issue]. *Journal of Social Issues*, 57, 389-412.
- Esses, V. M., Hodson, G., & Dovidio, J. F. (2003). Public attitudes toward immigrants and immigration: Determinants and policy implications. In C. M. Beach, A. G. Green, & J. G. Reitz (Eds.), *Canadian immigration policy for the 21st century* (pp. 507-535). Montreal, Canada: McGill Queen's Press.
- Fennelley, K., & Federico, C. (2008). Rural residence as a determinant of attitudes toward US immigration policy. *International Migration*, 46. doi: 10.1111/j.1468-2435.2008.00440.x
- Fryberg, S. A., Stephens, N. M., Covarrubias, R., Markus, H. R., Carter, E. D., Laiduc, G. A., & Salido, A. J. (2012). How the media frames the immigration debate: The critical role of location and politics. *Analyses of Social Issues & Public Policy*, 12, 96-112.
- González, R., Sirlopú, D., & Kessler, T. (2010). Prejudice among Peruvians and Chileans as a function of identity, intergroup contact, acculturation preferences, and intergroup emotions. *Journal of Social Issues*, 66, 803-824.
- Ha, S. (2008). Multiracial friendship networks and public attitudes toward immigration in the U.S. (Unpublished paper). Yale University.
- Hainmueller, J., & Hiscox, M. J. (2007). Educated preferences: Explaining attitudes toward immigration in Europe. *International Organization*, 61, 399-442. Retrieved from <http://www.jstor.org/stable/4498150>
- Hovey, J. D., Rojas, R. S., Kain, C., & Magana, C. (2000). Proposition 187 reexamined: Attitudes toward immigration among California voters. *Current Psychology*, 19(3), 159-174.

- Hussey, L. S., & Pearson-Merkowitz, S. (2011). The changing role of race in social welfare attitude formation: Partisan divides over undocumented immigrants and social welfare policy. *Political Research Quarterly*, 66, 572-584. doi: 10.1177/1065912912453506
- Johnson, K. R. (2004). *The huddled masses myth: Immigration and civil rights*. Philadelphia, PA: Temple University Press.
- Kang, H. K. (2012). Re-imagining citizenship, re-imagining social work: US immigration policies and social work practice in the era of AZ SB1070. *Advances in Social Work*, 13, 510-526.
- Kunovich, R. M. (2013). Labor market competition and anti-immigrant sentiment: Occupations as contexts. *International Migration Review*, 47, 643-685. doi: 10.1111/imre.12046
- Lassetter, J. H., & Callister, L. C. (2009). The impact of migration on the health of voluntary migrants in western societies. *Journal of Transcultural Nursing*, 20(1), 93-104.
- Lee, Y. T., Ottati, V., & Hussain, I. (2001). Attitudes toward "illegal" immigration into the United States: California Proposition 187. *Hispanic Journal of Behavioral Sciences*, 23, 430-443. doi:10.1177/0739986301234005
- Lipka, M. (2014). Catholics, other Christians support immigration reform, but say faith plays small role. *Pew Research Center*. Retrieved from <http://www.pewresearch.org/fact-tank/2014/04/01/catholics-other-christians-support-immigration-reform-but-say-faith-plays-small-role/>
- Lopez, M. H., Morin, R., & Taylor, P. (2010). Illegal immigration backlash worries, divides Latinos. *Pew Hispanic Center*. Retrieved from <http://www.pewhispanic.org/2010/10/28/illegal-immigration-backlash-worries-divides-latinos/>
- Massey, D. S., & Pren, K. A. (2012). Origins of the new Latino underclass. *Race & Social Problems*, 4, 5-17.
- McDaniel, E. L., Nooruddin, I., & Shortle, A. F. (2010). Divine boundaries: How religion shapes citizens' attitudes toward immigrants. *American Politics Research*, 39, 205-233. doi: 10.1177/1532673X10371300
- Morse, A. (2011). Arizona's immigration enforcement laws. *National Conference of State Legislators*. Retrieved from http://www.ncsl.org/research/immigration/analysis-of-arizonas-immigration-law.aspx#Similar_Bills
- Motel, S., & Patten, E. (2013). *Statistical portrait of the foreign-born population in the United States, 2011*. Washington, DC: Pew Hispanic Center.
- Nagda, B. A., & Maxwell, K. E. (2011). Deepening the layers of understanding and connection: A critical-dialogic approach to facilitating intergroup dialogues. In K. E. Maxwell, B. A. Nagda, & M. C. Thompson (Eds.), *Facilitating intergroup dialogues: Bridging differences, catalyzing change* (pp. 1-22). Sterling, VA: Stylus Publishing.
- National Association of Social Workers. (2008). *Code of ethics of the National Association of Social Workers*. Washington, DC: NASW Press.

- Negi, N. J. (2013). Battling discrimination and social isolation: Psychological distress among Latino day laborers. *American Journal of Community Psychology*, 51, 164-174.
- Oxman-Martinez, J., Rummens, A. J., Moreau, J., Choi, Y. R., Beiser, M., Ogilvie, L., & Armstrong, R. (2012). Perceived ethnic discrimination and social exclusion: Newcomer immigrant children in Canada. *American Journal of Orthopsychiatry*, 82(3), 376-388. doi: 10.1111/j.1939-0025.2012.01161.x
- Pascale, L. M. (2011). Sharing songs: A powerful tool for teaching tolerance and honoring culture. *General Music Today*, 25, 4-7. doi:10.1177/1048371310393504
- Pascoe, E. A., & Smart Richman, L. (2009). Perceived discrimination and health: A meta-analytic review. *Psychological Bulletin*, 135, 531-554. doi:http:// dx.doi.org/ 10.1037/a0016059
- Pettigrew, T. F. (1997). Generalized intergroup contact effects on prejudice. *Personality & Social Psychology Bulletin*, 23, 173-185.
- Pettigrew, T. F. (1998). Intergroup contact theory. *Annual Review of Psychology*, 49, 65-85.
- Pettigrew, T. F. (2009). Contact's secondary transfer effect: Do intergroup contact effects spread to non-participating outgroups? *Social Psychology*, 40, 55-65.
- Pettigrew, T. F., & Tropp, L. R. (2006). A meta-analytic test of intergroup contact theory. *Journal of Personality & Social Psychology*, 90, 751-783.
- Pettigrew, T. F., & Tropp, L. R. (2008). How does intergroup contact reduce prejudice? Meta-analytic tests of three mediators. *European Journal of Social Psychology*, 38, 922-934.
- Pettigrew, T. F., & Tropp, L. R. (2011). *When groups meet: The dynamics of intergroup contact*. Philadelphia, PA: Psychology Press.
- Pettigrew, T. F., Tropp, L. R., Wagner, U., & Christ, O. (2011). Recent advances in intergroup contact theory. *International Journal of Intercultural Relations*, 35, 271-280.
- Pettigrew, T. F., Wagner, U., Christ, O., & Stellmacher, J. (2007). Direct and indirect intergroup contact effects on prejudice: A normative interpretation. *International Journal of Intercultural Relations*, 31, 411-425.
- Pulido, L. (2007). A day without immigrants: The racial and class politics of immigrant exclusion. *Antipode*, 39, 1-7.
- Segovia, F., & DeFever, R. (2010). American public opinion on immigrants and immigration policy. *Public Opinion Quarterly*, 74, 375-394. doi:10.1093/poq/nfq006
- Scheve, K. F., & Slaughter, M. J. (2001). Labor market competition and individual preferences over immigration policy. *Review of Economics & Statistics*, 83, 133-145.
- Schildkraut, D. J. (2005). *Press one for English: Language policy, public opinion, and American identity*. Princeton, NJ: Princeton University Press.

- Stelzenmueller, C., Eichenberg, R., Kennedy, C. & Isernia, P. *Transatlantic Trends Survey, 2013*. ICPSR34973-v1. Ann Arbor, MI: Inter-university Consortium for Political and Social Research [distributor], 2014-04-02. Retrieved from <http://doi.org/10.3886/ICPSR34973.v1>
- Stephan, W. G., Renfro, C. L., Esses, V. M., Stephan, C. W., & Martin, T. (2005). The effects of feeling threatened on attitudes toward immigrants. *International Journal of Intercultural Relations*, 29, 1-19. doi:10.1016/j.ijintrel.2005.04.011
- Stritikus, T. T., & Garcia, E. (2005). Revisiting the bilingual debate from the perspectives of parents: policy, practices, and matches or mismatches. *Educational Policy*, 19, 729-744
- Turner, R. N., Hewstone, M., Voci, A., Paolini, S., & Christ, O. (2007). Reducing prejudice via direct and extended cross-group friendship. In W. Strobe, & M. Hewstone (Eds.), *European review of social psychology* (pp. 212-255). Hove, UK: Psychology Press.
- United Nations, Department of Economic and Social Affairs, Population Division (2011). *International migration report 2009: A global assessment*. Retrieved from <http://www.un.org/esa/population/publications/migration/WorldMigrationReport2009.pdf>
- Valentova, M., & Berzosa, G. (2012). Attitudes toward immigrants in Luxembourg. Do contacts matter? *International Review of Sociology*, 22, 341-363.
- Viruell-Fuentes, E. A., Miranda, P. Y., & Adbulrahim, S. (2012). More than culture: Structural racism, intersectionality theory, and immigration health. *Social Science & Medicine*, 74, 2099-2106.
- Wan, G. (2006). Teaching diversity and tolerance in the classroom: A thematic storybook approach. *Education*, 127, 140-154.
- Williams, D. R., & Mohammed, S. A. (2009). Discrimination and racial disparities in health: evidence and needed research. *Journal of Behavioral Medicine*, 32, 20-47. doi: 10.1007/s10865-008-9185-0
- Wilner, D. M., Walkley, R. P., & Cook, S. W. (1955). *Human relations in interracial housing: A study of the contact hypothesis*. Minneapolis, MN: University of Minnesota Press.
- Works, E. (1961). The prejudice-interaction hypothesis from the point of view of the Negro minority group. *American Journal of Sociology*, 67, 47-52.
- Wright, S. C., Aron, A., McLaughlin-Volpe, T., & Ropp, S. A. (1997). The extended contact effect. *Journal of Personality & Social Psychology*, 73, 73-90.
- Yoshikawa, H. (2012). *Immigrants raising citizens: Undocumented parents and their children*. New York, NY: Russell Sage Foundation Publications.

The Burden of Colonial Debt and Indebtedness in Second Generation Filipino American Families

MARIA J. FERRERA

DePaul University

Some research suggests that Second generation Filipino Americans (SGFAs) are more likely than other ethnic groups to be depressed and engage in risk behaviors. I discuss challenges SGFAs face with particular focus on the intersection of colonial mentality and intergenerational family conflict. In-depth interviews were conducted with thirty SGFAs. Narratives revealed evidence of both colonial debt, a form of colonial mentality or sense of gratitude for "civilizing" their indigenous culture, and family indebtedness to first generation parents. Combined with a strong inclination to assimilate, the weight of this indebtedness has had a detrimental effect on SGFAs emotional well-being.

Key words: colonial mentality, colonial debt, family indebtedness, Filipino American, second generation youth

I think them coming here was the greatest thing they ever gave me and my sister. I would always tell people that if I grew up in the Philippines I would probably be selling mangos by the side of the road right now ... 'cause there is no opportunity over there. All the overseas workers ... like almost every Filipino, if you open the American borders they would just get on a boat tonight and come over right now. It's hard over there so I would not want to live over there.

Cocoa, 22 years old

Cocoa is a second generation Filipina American who is thankful for her American-born life. Her story suggests a profound sense of gratitude to her parents and the hardship they faced to provide a life for her in the United States. However,

Journal of Sociology & Social Welfare, September 2016, Volume XLIII, Number 3

Cocoa's story also illustrates two forms of indebtedness: (1) to her family for bringing her to the U.S. to pursue a better life; and (2) to the Philippines' colonial rulers who "civilized" the indigenous culture. Taken together, these forms of debt complicate and constrain the cultural adaptation of second generation Filipino Americans (SGFAs).

The complexity and hardship of migrating Filipino families from a so-called third to first world country cannot be understated. As Cocoa reveals in her interview, "father always says that the Philippines needs a 'benevolent' dictator" that oversees and has "total power over the Philippines—someone who actually cares about the welfare of the people so that they administrate social services and clean up the government." Her father's sentiment is reminiscent of the U.S.'s colonial and patriarchal relationship with the Philippines that endorses benevolent assimilation and U.S. presence. I argue that the impact of colonial mentality, or internalized oppression, and colonial debt, a form of colonial mentality or sense of gratitude for "civilizing" their indigenous culture, is inherent in the intergenerational family dynamics in Filipino American families. Also within and related to these family dynamics, SGFAs have a deep sense of indebtedness toward their first generation parents that may compromise their social and emotional health and exacerbate intergenerational family conflict.

The Social and Historical Context of SFGAs

According to the 2010 U.S. Census, there are an estimated 2.5 million Filipinos (represents "Filipino Alone" category, not "Mixed Race Filipinos") in the United States—a 38% increase since the last census was taken in 2000. Nearly 75 percent of all Filipino Americans live in California and Hawaii. Illinois is the third state with the largest Filipino population—estimated at 114,724 with approximately 34,609 residing in the city of Chicago (23.1% of Chicago's total Asian population) (U.S. Census Bureau, 2010). Filipinos are the 2nd largest Asian group (after the Chinese) in Chicago. Although Filipino Americans are one of the largest and oldest Asian Pacific ethnic groups in the United States, little is known about them. There is also a paucity of information about the incidence of mental

disorders or the general state of mental well-being in this population (Nadal, 2009).

There is growing concern surrounding the "immigrant paradox," in which assimilated children of immigrants experience more undesirable educational and developmental outcomes than their parents (Garcia-Coll & Marks, 2012). The more "Americanized" they become (the more fluent in English, increasingly adopting American values and behaviors), the more likely they seem to be at risk for behaviors such as substance abuse, unprotected sex, and delinquency. For example, rates of depression among SGFAs are high (Willgerodt & Thompson, 2006) and although middle-class Filipino immigrant youth are the most "Americanized" of contemporary Asian-origin groups and the most socio-economically advantaged, they have higher rates of suicidal ideation and attempts than most other immigrant, ethnic minority youth (Rumbaut, 1999). Given the paradoxical relationship between socioeconomic status, assimilation, and poor mental health outcomes among SGFA, this study posed the following questions: What is the nature of the challenges they experience? What factors may contribute to the complexity of their lives and compromise their mental health and emotional well-being?

Historical Context

I adopt a historical, developmental and familial perspective to understanding the cultural adaptation and identity development of SGFAs. Cultural adaptation refers to how ethnic minorities modify their attitudes, beliefs, values, and/or behaviors in the cultural context in which they are embedded. In addition to school performance, language knowledge and use, salient outcome areas include ethnic identity development and level of parent-child generational conflict (Portes & Rumbaut, 2001). While all adolescents face developmental pressures related to identity formation, Filipino culture's emphasis on interdependence (Nadal, 2009) may create profound challenges for SGFAs as they adapt to U.S. society. SGFAs are also influenced by complex systems throughout the life course, including such historical, political, and structural systems as the family system, the culture of origin and the political history

of the homeland, and Western theories of psychological constructs/human and child developmental models. Utilizing an ecological systems framework was thus critical to consider the flaws of racial categories, notions of essentialism, racialized social structures, multi-systemic forces, and human agency, as well as the dynamic nature of individual identity development over time (Garcia-Coll et al., 1996; Samuels, 2009).

The historical narrative of the colonial relationship between the U.S. and the Philippines is particularly unique and relevant to the developing collective identity of Filipino Americans today. U.S. expansionism began by identifying Asia as its "new frontier," where the "white man's burden" was fueled by the idea of civilizing the uncivilized, "barbaric" Filipino (Ignacio, de la Cruz, Emmanuel, & Toribio, 2004). After 350 years of Spanish rule, the Philippines was purchased from Spain by the U.S. at the turn of the century. In 1898, like Spain before it, the U.S. took the Philippines by force of arms during the Spanish–American War, which began as a "pious endeavor" to liberate Cuba from their Spanish oppressor (Karnow, 1989). An estimated 200,000 to more than one million Filipinos were killed by American soldiers during the war. Filipino villages were destroyed and many Filipinos were murdered, raped, tortured or placed in concentration camps by the U.S. (Ignacio et al., 2004). It has also been documented that during this war Filipinos were victims of the U.S. army's first use of the "water cure" torture (known today as "waterboarding") (Einolf, 2014).

Following the war and in America, Filipinos were subject to fierce, geopolitically-informed eugenics that sought to preserve the purity of a "White" America (Tyner, 1999). Because the Philippines was a colony of the United States, the Filipinos held a unique status as "neither foreigners nor citizens" (Tamayo-Lott, 1976, p. 167). Following the Chinese Exclusion Act of 1882 and the 1907 Gentlemen's Agreement suspending immigration from Japan, China and other "Asiatics," an estimate of 120,000 Filipino "U.S. Nationals" established the first migration to relieve the labor shortages experienced by Hawaiian plantations (Teodoro, 1981, p. 14). A second migration followed to west coast states that also consisted of predominantly male Filipinos. Regarded as a new iteration of "yellow peril," there was growing debate about the "Philippine Problem" (Tyner,

1999, p. 66) and whether imperialistic pursuit was justified or independence should be granted. In America, being "U.S. Nationals" was an ambiguous status that technically gave Filipinos in the U. S. very limited rights and privileges, which excluded the right to vote, the right to own property, and the right to marry whom they chose. Filipinos were barred from public places, subjected to a culture filled with anti-Filipino stereotypes and images, such as "goo-goos" or "monkeys," and were often regarded as criminally minded and called "head-hunters" and "untamed." Notably unique was that Filipino immigrants received their education in the Philippines, where the U.S. systematically imposed its educational system that promoted American superiority in culture and worldviews. However, their experience in America discounted teachings of the Thomasites who preached the American ideal of meritocracy, in which advancement is based on achievement or ability (Bacho, 1997).

The enactment of the Tydings-McDuffie Act in 1934 eventually granted independence to the Philippines within 10 years, simultaneously capping immigration to a quota of 50 per year and establishing Filipinos as "aliens." It has been argued that before independence was to be granted in 1946, the U.S. ensured the establishment of a liberal-democratic political foundation, the public educational system, and the socioeconomic infrastructure of the country (Radics, 2004). Recognizing the strategic importance of the island nation in the region, the U.S. also ensured that the succeeding administration would sign a series of defense treaties that would provide them with exclusive access to its national territory (Radics, 2004, p. 116). This occurred despite growing anti-U.S. nationalist sentiment in the Philippines. It is notable that while U.S. strategic military bases maintained a presence on the islands for many decades, the over 250,000 Filipino war veterans who were promised equal treatment for serving in the U.S. armed forces during the second world war have continued to fight for benefits (Asian News Today, 2013).

With this backdrop, U.S. colonial relations with the Philippines arguably continue to persist through neo-colonial control, as U.S. ubiquitous presence continues via the military bases interspersed throughout the country. Despite the closure

of U.S. military bases in 1992, a former naval base at Subic Bay continues to serve as a strategic port for military activity as the Obama administration continues to negotiate the political climate of the Asia Pacific and more recent threats in the South China Sea. Large portions of the base have been reserved for use by the U.S. Navy, courtesy of the Philippine Department of National Defense (Whaley, 2013). There is evidence that the Philippine military look to the U.S. for bolstering their own military defense, as they have allowed the U.S. military access to eight Philippine military bases based on the Enhanced Defense Cooperation Agreement (EDCA), signed in 2014. In its fight against Islamic terrorist groups since 2001, the Philippine military has received guidance and instruction from close to 500 U.S. Special Forces troops (Tritten, 2012). Following a recent visit from the current U.S. Secretary of Defense, it has been reported that both nations have signed an agreement that allows the United States to build facilities at five Philippine military bases, allowing a significant increase of American troops, planes and ships into the Philippine islands. Philippine military leaders appear to welcome this presence and identify the benefits, including modernizing its military and building a "credible defense force" (Whaley, 2016). This has remarkable implications on the commercial and community development surrounding each of these military bases where military personnel must reside.

Given this history and the persistence of colonial relations, Paolo Freire's (1970) analysis of colonial mentality and colonialism's potentially negative consequences for formerly colonized people is relevant to Filipinos. He writes that the colonial process "begins with dehumanizing cultural invasion ... cut off from her cultural memories, yet not entirely de-racinated, the victim becomes detribalized or inauthentic" (p. 50). Leny Strobel (2000) defines colonial mentality and internalized oppression as the colonization of an individual who, consciously or subconsciously, accommodates the ideals, values, and behaviors of the colonizers. Indeed, the colonized experience is universal to all groups who have been colonized, whether Nigerians, Algerians, or Native Americans. Over 400 years of such inscription by both European and U.S. governments makes the Filipino immigrant experience unique and worthy

of ongoing analysis as it relates to contemporary views of how Filipino Americans view themselves.

The original policy of benevolent assimilation declared by the McKinley administration in 1898 marked the beginning of U.S. colonial relations with the Philippines and involved U.S. military control over the entire country and the "fulfillment of the rights of [American] sovereignty" (Diokno, 2002, p. 75). Rafael (2000) refers to this benevolent assimilation as patriarchal-motivated "white love," bestowed on the Philippines and considered a "moral imperative" (p. 21), despite the extent of violence that occurred and the use of force that was systematically utilized by the U.S. during the war. With this and its history of Spanish colonization, Rafael asserts that Filipinos were already familiar with racial hierarchy and a racialized social structure very early on. Although Puerto Rico and many other Asian countries like China, India, Korea and Vietnam may have experienced Western imperialism, the Philippines seems to stand out as a country that has been uniquely impacted due to the duration of colonial subjugation and the scope of influence among Filipino people and its migrants to the U.S. over time. Although Filipinos are considered "highly Americanized," the psychological legacy of colonialism defies the narrative of the voluntary immigrant (David & Nadal, 2013). Considered "de-tribalized," Filipinos and Filipino Americans continue to struggle with the implications of colonial mentality (David & Okazaki, 2006; Strobel, 2000).

Despite this history, Filipinos continue to aspire to settle and succeed socioeconomically in America in significant numbers and for multiple reasons. There were over 430,000 who applied for a U.S. visa in 2012, positioning the Philippines with the second largest applicant wait list (Immigration Policy Center, 2013). Filipinos currently make up the second largest Asian American group after the Chinese. The median household income and education attainment rates are higher compared to those of the U.S. general population, with most speaking English well compared to other Asian Americans (Pew Research Center, 2012). Filipina immigrants outnumber the men, with many employed within healthcare and related occupations (Stoney & Batalova, 2013), perpetuating a gendered labor market and allowing U.S. employers to continue to

benefit from cultural practices, social relations and stereotypes that are patriarchal (Tyner, 1999). In 2012, money sent home by Filipinos reached a new record of \$21.391 billion, with the U.S. remaining as the top source of remittances (Magtulis, 2013).

Layered Meanings of Debt

David & Okazaki (2006) distinguish between covert and overt manifestations of colonial mentality. Covert manifestations are characterized by internal feelings of shame and resentment about being a person of a colonized culture, while overt manifestations are more blatant, including trying to look white, or more Eurocentric, such as trying to pinch one's nose so that nose becomes narrower, or discriminating against newer immigrants described as "fresh off the boat," or "FOBs." Colonial debt is considered a form of colonial mentality—the perception that the colonizer is not only perceived as superior but also as "well-intentioned, civilizing, liberating or noble heroes" (David & Okazaki, 2006). The colonized thus forgave the historic oppression as the price to pay for "civilizing" their people.

The concept of family indebtedness, which is developed in this paper, stems from notions of family obligation. Filipinos, together with Chinese adolescents, were found to have the highest level of academic motivation, and placed more value in succeeding in school and going to college than adolescents from Latin American and European backgrounds (Fuligni, 2001). Education serves as a "means to a valued end" (p. 72), and may lead some to dissociate education from pleasure, satisfaction or genuine individual interest. Family indebtedness not only involves a family obligation to succeed in school, an ingrained cultural value, or fear of family estrangement, but also involves an internalized motivation developed intergenerationally over time.

Methodological Approach and Rationale

To understand the complex processes, including family socialization, colonial mentality and ethnic identity formation that may affect the mental and social well-being of SGFA, I conducted in-depth interviews with 30 second generation Filipino

Americans (SGFAs). The study uses an indigenous perspective and life story narrative approach. The indigenous paradigm encourages and empowers indigenous people to bring to light the traumas of colonization (Smith, 1999), while the life story narrative provided the means for participants to express how they see their own experiences, lives and interactions with others over time (Atkinson, 2002). The study employs a "decolonizing" methodology, in which members of colonized ethnic groups who have been disconnected from their original culture and history, marginalized and "Othered" (Smith, 1999, p. 6) are re-centered through the research process. An indigenous approach considers historical power dynamics in attaining and disseminating knowledge, and the detrimental effects of totally subscribing to a dominant, western perspective. This indigenous frame honors *Sikolohiyang Pilipino*, or Filipino psychology (Enriquez, 1993). Referred to as a liberation psychology, *Sikolohiyang Pilipino* considers the lived experiences of individuals and peoples who have suffered the violence of colonization, emphasizing the importance of this sacred knowledge as the foundation of Filipino consciousness, defining "the totality of the Filipino" including "material and spiritual aspects" (Enriquez, 1993, p. 3). Thus, an understanding of indigenous Filipino beliefs and values, including Filipinos' communal culture, shared history, and collective memory that has developed a community psyche, or *kamalayan* (Enriquez, 1993, p. 34) comes to the fore.

Patricia Clough (2009) discusses notions of trauma and affect, recognizing the complexity of humans and being human as "unspeakable"—so complex as to not fully be captured by words. Her notion of "the multiplicity of time" recognizes historical trauma as a very present lived experience, allowing "memory in its varied forms" that "may not be personally understandable" (p. 15). Those who have experienced the detrimental effects of historical trauma on a multi-generational level (Hill, Lau, & Sue, 2010) may not be able to articulate the full meaning of how their community has impacted them, but it no doubt does. These notions of affect, trauma, and longing for indigenous memory tap into the Filipino collective values that represent transcendent forms of resistance and resilience, including *Kapwa* (the self that is shared with others), *Pakikiisa*

(existential sharing in being human), Bahala-Na (determination), Kalayaan (freedom) and Babaylan (healer) (De Guia, 2010).

Data Collection

This paper focuses on the qualitative findings in a mixed methods study that included a survey questionnaire consisting of several standardized survey tools and in-depth, individual life story interviews. Semi-structured interviews were conducted with 30 SGFAs (12 male and 18 female) between the ages of 18 and 22 years old. Each interview was conducted in two parts. During the first part of the two-hour interview, the participant completed a series of questionnaires that measured family conflict, colonial mentality, ethnic identity, perceived discrimination, individualist/collectivist thoughts and values, family cohesion, self-esteem and depression. The second part of the interview included life story interviewing, in which respondents discussed their experiences with family, challenges growing up as a Filipino American, their sense of ethnic identity, their perspectives of Filipino culture and what role it played in their lives.

Respondents were included in the study if they met the following criteria: (1) born to at least one parent who is of Filipino descent (thus, second generation); (2) between the ages of 18 and 22 years of age; and (3) living in the city of Chicago or Chicagoland area at the time of interview. Thirty SGFAs in this sample were recruited with the assistance of various student-run organizations and social networks in the Filipino American community. Respondents were recruited through flyers hung in various community and educational institutions, and emails sent to 11 organizational listhosts. The Filipino organizations in schools assisted in identifying Filipino Americans. Snowball sampling was also used, in which some participants helped identify other SGFAs. I conducted all interviews. Informed consent was obtained and each participant agreed to be interviewed and be audio-taped. All interviews were approximately an hour and a half to two hours in length and were conducted in locations that were chosen by the participant. Each participant received \$30.00 as compensation for his/her time. Each interview was transcribed verbatim and

handwritten notes were taken during each interview. This verbatim record of the participant's responses to questions during the in-depth interview has served as a starting point for analysis. Transcriptions were imported into a database using NVivo software program, which assisted in the management of the qualitative data.

Following the in-depth interviews, several research assistants and members of a qualitative seminar group assisted in the reading, coding and analysis process. Analysis of the qualitative data was rooted in both inductive and deductive philosophies, utilizing Fereday and Muir-Cochranes' (2006) approach to thematic analysis. With this approach, it was necessary to understand both: (1) the content of the interviews and the shared experiences of each participant, and how these experiences both affirm and refute the theoretical frameworks examined in this study; as well as (2) understand the subjective meaning behind each participant's statements and narrative, and the context from which they were made within the interview. The "trail" of evidence needed to demonstrate credibility, integrity and competence (Fereday & Muir-Cochranes, 2006, p. 3) and involved iterative readings of each transcript with layered searches of: (1) general content of each interview; (2) relevance of his or her shared experiences to theoretical framework; and (3) emerging patterns or overarching themes among the sample as a whole. Initial readings of the transcripts involved listening to each interview and ensuring that transcripts accurately reflected what was said during each interview (including adding notes on contextual elements missed by transcribers or clarifying inaccurately transcribed statements).

A second reading of the transcripts involved the development of a summary about general themes and content of each interview, as it pertained to relevant theoretical frameworks. Potential biases or conflicted personal reactions I may have had were also articulated. Each synopsis write-up included notes of impressions provided by the research assistants. Descriptive coding was then conducted to organize data in broader conceptualizations. Several transcripts were reviewed to identify repeating ideas (Auerbach & Silverstein, 2003) with the help of a qualitative seminar group and research assistants,

who were asked to independently identify emerging themes. Coding then gradually moved toward a more selective list of codes that involved specific, overarching themes and patterns (Charmaz, 2006). As overarching themes and patterns were identified, a template or codebook of each category within NVivo was developed based on the research questions, theoretical frameworks, and emerging themes. Several rounds of coding occurred among several coders. The use of multiple coders as well as field notes that took the form of regular journaling and synopsis writing for each interview contributed to the "audit trail" and trustworthiness of the data (Anastas, 2004).

The transcripts were also examined and compared to the quantitative data collected to identify areas of congruence in content as well as paradoxes and contradictions. To establish another level of trustworthiness, or "member checking" (Lincoln & Guba, 1985), I conducted a focus group with study participants. All those who participated in the interviews were invited to participate in this focus group. Participants gave feedback on whether the preliminary analysis and interpretations made sense given their individual experiences. In this way, participants were given opportunity to engage in both critical reflection and reciprocity in the research process.

Findings

Colonial Debt and Colonial Mentality

More than half (19 out of 30) of the SGFA participants in this study agreed with the following statement: In general, Filipino Americans should be thankful and feel fortunate for being in the United States. Dominick (Pseudonyms were used for all participants quoted in this article.), a 19-year-old participant, when asked to expand on his stated belief that Filipino Americans are more admirable, more civilized and generally superior to Filipinos in the Philippines, and further, that Filipinos should be thankful to the United States for their history of intervention, states:

I also think that the Philippines should stay with America and not try to get independence so much,

because like, I heard a lot of disagreements that they would just become another Hawaii. But because of America's involvement in Hawaii—like, there is so much. They get a lot of money, it's a great place to be, all the Hawaiian people are pretty happy and richer and all that stuff. And in the Philippines it's poorer. My mom always said that the Philippines should have stayed with America, and my mom wouldn't have had to come to America, because America would have come to them. My mom always said, "they [the Filipinos] should have just stopped being so proud and just let them [Americans] do their thing."

Dominick's argument against independence for the Philippines seems to emerge in large part from his mother's perspective. In the end, Dominick ascribes his own feelings to his mother—that the Philippines would be a better place had its people fully accepted governance by the United States rather than remain as an independent country.

Ben, a 21-year-old participant, also seemed to internalize his parents' view of the positive influence of intervention by the United States. He expressed that if he had children he would particularly want them to know about the history of Spanish rule as well as the history behind the relationship between the Philippines and the U.S.: He stated,

... my parents would always tell me how stupid the Filipinos were to get rid of the U.S. naval bases there. Because they see how much the economy is in shambles over there. ...it [the presence of the bases] was such a huge income and that the country was moving in such a positive direction then—when the U.S. was there. My parents always questioned why the Filipinos didn't want them there. They said they didn't want the bases. When in my parents view, it was such a positive influence.

When Ben was asked, "do you agree with that?" he responded, "I do."

In addition to gratitude and tolerance of U.S. intervention, some participants also expressed an idealization of America.

Filipino Americans often associate lighter skin, a narrow bridged nose, and other European phenotypical traits with wealth and prestige. Several participants allude to using skin whitening creams as a result of their parents wanting them to be lighter skinned. This idealization also involves access to opportunity and material things. As Cocoa describes it, the desire to "make it in America" is inaccessible to many Filipinos who are profoundly limited in means and resources within their country, as well as legally barred from migrating to the United States. Material things indicate socioeconomic success, and she suggests that Filipino Americans not only feel the need to flaunt this success, but to use their children's success as markers of attainment. This dynamic may serve as a complex, compounding factor that reinforces assimilation, colonial mentality and debt. As Cocoa states:

American Filipinos are the worst when it comes to materialism. 'Cause I think they have something to prove, especially when the adults will talk to each other about their kids. They have the fanciest cars and things like that. And they are not having it to have it, they are having it to show off ... I think maybe because when you are born really poor, and when you come to a lot of money later on in life you want to enjoy your life. And they might be doing it subconsciously—I don't think they do it on purpose like they are bad people. But sometimes when you come from so little the change is so dramatic you really want to enjoy yourself and you want other people to see that you've become a success—that you came a long way. You want to get that recognition that you never had when you were growing up.

While the association between socioeconomic achievement and assimilation to American values and culture seems to support movement away from ties to the Philippines, some SGFAs in this study explained that, in the end, Filipino Americans sustain a loyalty to America for very collectivist, or family-focused reasons. Filipino Americans send a substantial amount of money back to relatives in the Philippines in the form of remittances, suggesting a strong desire or duty to give back to their family "back home." Like other interdependent

cultures, first generation parents seem to carry the responsibility for the future welfare of their own immediate family as well as their grandchildren. This dynamic is particularly gendered, with Filipinas bearing the brunt of this responsibility. Filipina mothers, considered repositories of tradition and family cohesion, hold the primary responsibility of socializing children, "holding the cultural line, maintaining racial boundaries, and marking cultural difference" (Espiritu, 2001, pp. 431-432). These gendered norms have influenced the construction of cultural attitudes and values of the group as a collective. These norms are then channeled intergenerationally by the female(s) in the household, further differentiating a "moral distinctiveness" relative to Americans who are considered more individualistic (p. 421). This is notable for female SGFAs whose individual actions often reflect the family as a whole, and arguably face the added burden of negotiating family expectations around loyalty, cohesion and traditional gendered roles of domesticity and virtue with the norms of a pervasively individualistic western culture.

This underlying collectivist motivation retains kinship ties to their homeland, complicates and reinforces the inclination for Filipino Americans to maintain colonial mentality and a sense of colonial debt. In this sample, most second generation participants (28 out of 30) felt the following was true or very true for them: "I would help within my means if a relative told me that he or she is in financial difficulties." There appears to be a belief that succeeding in America and their ability to financially support family back home is not only contingent on their own socioeconomic success, but also on their children's success—to assimilate within their social, academic and professional arenas. This dynamic undoubtedly plays a role in the enculturation of SGFA families, and the way first generation immigrant parents may be constrained in their efforts to retain and translate their culture among their children (Ferrera, 2013).

Family Indebtedness

As colonial mentality and the endorsement of colonial debt plays a role in the enculturation processes within SGFA families, family indebtedness becomes particularly salient for SGFAs, and may be the root of a distinct tension between

SGFAs and their first-generation parents. Of the 30 participants, 23 expressed some level of indebtedness toward their parents, or some level of appreciation and gratefulness for their parents' struggle and how hard they have worked as immigrants. Andres, an 18-year-old SGFA participant, described coming to this understanding, and the strong sense of indebtedness he "always" felt as a result:

.... just remembering what they've [his parents] been through, they always remind me of how hard their parents worked—like back in the Philippines, and how hard it was for them to come over here. [His parents emphasized] to not take anything for granted or just to do everything right the first time or do your best, otherwise you are just wasting your time. ...I just try to remind mom to get her dream car when I graduate 'cause they have done so much.... As I grew up I just sort of got the sense that they worked so hard to get here... just from knowing what other family have gone through, just knowing how hard it was for them to transition and still just try to be in America.

Having learned about his parents' hard work seems to have led Andres to feel invested in their happiness and reward. In this case, he hopes that his mother's reward is his graduation. Ben, who also expressed a sense of colonial debt, also talked about how he admired his parents, and how there was a focus on family and taking care of each other financially:

... they promised us as we were growing up that they would...they would take care of our education. Just so that we can get a better start than what they had and they hoped that we would, when we are able, help take care of them and to provide for our children a lot easier, and not have to worry about it.

The respondents' sense of indebtedness affects their decisions in various ways, including: which area of study they should pursue; how they want to "give back" to their parents as a result of their graduation or success; and their decision-making about schools in the context of financial constraints. For Ben, the choice to change his concentration to be a doctor,

a profession his parents wanted him to pursue, was a difficult one, because he knew that entering the medical profession translated to financial stability and a legacy of security in his parents' eyes. As he states in his interview,

I was pre-med for three and a half years. I got out of it because I realized that it wasn't going to make me happy, that I was doing it for the wrong reasons. ... I understand where they [his parents] are coming from, 'cause they came from nothing in the Philippines and they were just worrying about our future ... that's the whole mentality of it.

The appreciation and gratefulness for parental sacrifice over many years clearly motivates SGFAs to succeed academically and professionally. However, for some, such pressures and the accompanying sense of indebtedness seems to be overwhelming. At least seven SGFAs out of the 30 in this study revealed that negotiating this sense of indebtedness had compromised their own mental and emotional well-being in some way. When Ann, a 22-year-old SGFA participant, was asked if she is surprised about high depression rates among Filipino Americans found by some researchers, she replied,

No. It doesn't surprise me. There is a lot of burden that is put on us. A lot of parents telling their children what to do—that puts a lot of stress. If I set the bar high [for myself], they would always expect me to do better. I didn't want to go and fail them, knowing how much work and effort that they had gone through to get where they are... So I know how much burden was on them.. I felt it was my duty to give back, at least grade-wise, so I can finish on time. I didn't want them to always have all the burden and stuff. I put too much pressure on myself, that's why ... I guess ... grades slipped ... it was more test anxiety ... like I need to get this grade.

Ann's "duty to give back" suggests an internalization of the sacrifices her parents made, which may be what compels her to accept her own "burden" and excel in school despite the costs. Ann was diagnosed with clinical depression in her first year of college (three years prior to this interview). Her grades

were dropping at that time, and she attributed her depression to her parents' high expectations, and her strong commitment to pleasing them as the eldest child.

Another respondent, Riku, described his decision, despite his academic ability to attend a top-tiered school, to attend a smaller, less expensive and less prestigious school so that his parents would not have to make the same sacrifices that Ana's parents had. He stated,

The [his] school is so cheap and you could have a minimum wage job and pay tuition. ... But that's not the reason why I went to this school. My parents could afford any school. But I didn't want them spending that kind of money on me, 'cause I wanted them to have money for themselves. 'Cause they work hard, so I wanted them to have whatever they wanted. If they worked hard to get their dream car, I want them to have that, instead of spending money on my school. 'Cause they already put me through school—they did their part ... I don't want to take everything away from them ... I don't want their quality of life to decrease to compensate for my high tuition.

Riku chose to be a commuter student in order to save his parents' money. However, he shared that it is difficult to make friends because he is not living in the dorms. He reported that this sense of social isolation and not feeling academically challenged led to feelings of depression.

Cordella, a 22-year-old SGFA, talked at length about the impact of collectivism, and a strong sense of interdependence between her family and other extended family members, both here and in the Philippines. This interdependence brought with it a responsibility for the welfare of generations to come. During her interview, she also described how much the sense of indebtedness and interdependence within family can be a source of internal conflict that detracts from individual self-exploration. She stated: "... they can be your support or they can be the weight on your shoulders.... that interconnectedness is a good thing—[it] can be a support but it can be a burden as well." When Cordella was asked about how she thinks her ethnic or cultural identity affects her sense of self and

individual identity, she replied, "I think it's hard to find, because you're so... you're worried that you are not disrespecting [family] so much, you're worried [about] what everyone else wants you to do in your family."

Discussion

Young SGFAs come of age in a historical and contemporary context that often devalues their unique contributions and foregrounds the experience of western colonialists over indigenous experience. Certainly, the context and the experiences of their migrant parents who choose to settle in the U.S. impact them. The departure from a country whose history has been stripped of its cultural memories is psychological as well as physical. The journeys of Filipinos to America are shadowed by the hundreds of thousands of applicants who wait in line to follow them. This desire to leave is undoubtedly fueled by a history of colonization and a tolerance of over 400 years of being historically de-racinated. The irony is a constant and steady flow of migrants who have sought settlement in the land of her colonizer, and a sustained, deeply driven pursuit of the American Dream.

Given the interdependent nature of Filipino culture, SGFAs and their parents easily embrace the socioeconomic opportunity that living in America provides, because it allows them to not only financially support their extended families "back home" but also to care for their immediate, extended families and the generations to come. All of these factors contribute to an idealization of America, a solid endorsement of a colonial mentality, and an ingrained sense of colonial debt. Although collectivist values that prompt a sense of loyalty and indebtedness to immigrant parents may be considered a strength among second generation Filipino Americans (SGFAs), it may also be considered a psychological and emotional burden. For SGFAs who express longing for more knowledge and access to Filipino culture and connection (Ferrera, 2013), the exploration of ethnic identity, in effect, is stifled. This is of great concern, as ethnic pride is considered protective of depression (Mossakoski, 2003).

SGFAs must reconcile the tension between the ideals of

the Filipino collective and those of a western culture that emphasizes freedom of choice, independence, and the pursuit of individual pleasures and desires that may fervently conflict with this sense of indebtedness. Family indebtedness supports a broader understanding of family obligation that involves the process of increasingly feeling beholden to parents, that then inspires a profound sense of purpose for second generation children. Compelled by their stories of the trauma of being cut off and separated from family, working multiple jobs, experiences of cumulative microaggressions and/or discrimination, ethnic and social isolation, second generation children empathize and internalize the weight of their parents' hardship as immigrants. As a result, SGFAs come to believe that their sacrifices should be rewarded, and feel charged to justify the enormous price they had to pay—to "give back" to their first-generation parents. This charge often seems to take precedence amidst more individualistic pursuits and dynamic processes of identity development.

During adolescence and young adulthood for SGFAs, as personal choice is critical, this cultural dissonance becomes increasingly tense. Like other ethnic youth, SGFAs face multiple challenges, including: balancing roles and responsibilities; negotiating ethnic, cultural and individual identities; exploring independence; gaining academic and social competence among peers; as well as the negotiation of loyalties and responsibilities to the family. Family indebtedness proves to be more poignant for SGFAs, who are further confronted with: the pressure to adapt and assimilate; internalized inferiority, or colonial mentality; constrained enculturation that may leave them less proud of their Filipino ethnic identity and unprepared for racist experiences. Given the hardship their parents experienced as immigrants, SGFA's experience guilt and pressure to succeed academically and professionally.

Filipinos and first generation Filipino Americans indubitably have experienced what bell hooks (2010) refers to as the "colonization of mind," internalizing, albeit consciously or subconsciously, the "civilizing presence of the colonizer." The idealization of western values and the internalization of colonial debt serve as effective mechanisms that distance the community from the indigenous and processes of decolonization

(Strobel, 2000), sustaining a disjointed cultural and historical knowledge. Although each of these dynamics of debt—colonial debt and family indebtedness—were commonly experienced in this study's sample, it was beyond the scope of this study to invoke narratives that discusses in depth the co-existence and their combined effect over time. It cannot be assumed that all SGFAs will experience either or both. Adopting a critical, ecological systems perspective stresses the need to understand individual experiences of this group as highly complex and contextualized amidst social, political, historical and psychological factors. The legacy of colonialism among Filipino and other ethnic immigrant groups cannot be underestimated. Individual meanings of debt may surreptitiously challenge and complicate the experiences of SGFAs as well as other ethnic individuals with similar histories in their identity formation and cultural adaptation. Layered colonial debt and familial indebtedness represents a departure from origin and homeland on both a physical and collectively psychic level, fostering a diaspora that must be understood and interrogated within the context of intergenerational family processes and a history of colonization.

Acknowledgement: This research was supported in part by a grant from the National Institute for Mental Health through the Council on Social Work Education Minority Fellowship Program and Research Council Grant through DePaul University. Thanks to Kristin Renault, Sherry Petrea, Amanda Berenguel, and Roz (Rosalind) Jenkins, who have provided hours of research assistance on this project. Thanks also to Bernadette Sanchez and Tina K. Sacks for providing critical feedback on previous drafts of this work. Special thanks to all study participants who have shared their stories.

References

- Anastas, J. W. (2004). Quality in qualitative evaluation: Issues and possible answers. *Research on Social Work Practice*, 14, 57-65.
- Asian News Today. (2013, March). *Filipino war veterans lose U.S. court appeal*. Retrieved from <http://www.philippineasiannewstoday.com/news/us-news/7075-filipino-war-veterans-lose-us-court-appeal>

- Atkinson, R. (2002). The life story interview. In J. F. Gubrium & J. A. Holstein (Eds.), *Handbook of interview research: Context and method* (pp. 121-140). Thousand Oaks, CA: Sage.
- Auerbach, C. F., & Silverstein, L. B. (2003). *Qualitative data: An introduction to coding and analysis*. NY: NYU Press.
- Bacho, P. (1997). The tragic sense of Filipino history. In M. Root (Ed.), *Filipino Americans: Transformation and identity* (pp. 1-10). Thousand Oaks, CA: Sage Publications.
- Charmaz, K. (2006). *Constructing grounded theory*. Thousand Oaks, CA: Sage.
- Clough, P. (2009). Reflections on sessions early in an analysis: Trauma, affect and enactive witnessing. *Women & Performance: A Journal of Feminist Theory*, 19(2), 149-159.
- David, E. J. R., & Nadal, K. (2013). The colonial context of Filipino American immigrants' psychological experiences. *Cultural Diversity & Ethnic Minority Psychology*, 19(3), 298-309.
- David, E. J. R., & Okazaki, S. (2006). The Colonial Mentality Scale (CMS) for Filipino Americans: Scale construction and psychological implications. *Journal of Counseling Psychology*, 53(2), 241-252.
- De Guia, K. (2010). An ancient reed of wholeness—The Babaylan. In L. M. Strobel (Ed.), *Babaylan: Filipinos and the call of the indigeneous* (pp. 69-108). Davao City, Philippines: Ateneo de Davao University Research and Publication Office.
- Diokno, M. S. (2002). "Benevolent Assimilation" and Filipino Responses. In H. M. McFerson (Ed.), *Mixed blessing: The impact of the American colonial experience on politics and society in the Philippines* (pp. 75-88). Westport, CT: Greenwood Press.
- Einolf, C. J. (2014). *America in the Philippines, 1899-1902: The first torture scandal*. New York, NY: Palgrave Macmillan.
- Enriquez, V. (1993). *From colonial to liberation psychology. The Philippines experience*. Quezon City, Philippines: University of the Philippines Press.
- Espiritu, Y. L. (2001). We don't sleep around like white girls do: Family, culture, and gender in Filipina American lives. *Signs*, 26(2), 415-440.
- Fereday, J., & Muir-Cochrane, E. (2006). Demonstrating rigor using thematic analysis: A hybrid approach of inductive and deductive coding and theme development. *International Journal of Qualitative Methods*, 5(1), 80-92.
- Ferrera, M. (2013). Glimpses into the indigenous: Cultural portals and the ethnic identity development among second generation Filipino Americans. In T. Maxwell, L. Strobel, and L. Mendoza (Eds.), *Back from the crocodile's belly: Philippine Babaylan studies and the struggle for indigenous memory* (pp. 159-184). San Francisco, CA: Center for Babaylan Studies.
- Freire, P. (1970). *The pedagogy of the oppressed*. New York: Continuum International Publishing Group, Inc.

- Fuligni, A. (2001). Family obligation and the academic motivation of adolescents from Asian, Latin American, and European backgrounds. *New Directions for Child and Adolescent Development*, 94, 61-75.
- Garcia-Coll, C., & Marks, A. K. (2012). *The immigrant paradox in children and adolescents: Is becoming American a developmental risk?* Washington DC: American Psychological Association.
- Garcia Coll, C., Lamberty, G., Jenkins, R., McAdoo, H. P., Crnic, K., Wasik, B. H., & Garcia, H. V. (1996). An integrative model for the study of developmental competencies in minority children. *Child Development*, 67, 1891-1914.
- Hill, J. S., Lau, M.Y., & Sue, D. W. (2010). Integrating trauma psychology and cultural psychology: Indigenous perspectives on theory, research, and practice. *Traumatology*, 16(4), 39-47.
- hooks, bell. (2010). *Teaching critical thinking: Practical wisdom*. New York: Routledge.
- Ignacio, A., de la Cruz, E., Emmanuel, J. & Toribio, H. (2004). *The forbidden book*. San Francisco, CA: T-Boli Publishing & Distribution.
- Immigration Policy Center. (2013, March). *Why don't they just get in line? The real story of getting a "Green card" and coming to the United States legally*. Retrieved from http://www.charlottelaw.net/files/why_dont_they_get_in_line.pdf
- Karnow, S. (1989). *In our image: America's empire in the Philippines*. NY: Ballantine Books.
- Lincoln, Y. S., & Guba, E. G. (1985). *Naturalistic inquiry*. Beverly Hills, CA: Sage.
- Magtulis, P. (2013). 2012 remittances hit record high. *Philippine Star*. Retrieved from: <http://www.philstar.com/business/2013/02/15/909187/2012-remittances-hit-record-high>
- Mossakowski, K. N. (2003). Coping with perceived discrimination: Does ethnic identity protect mental health? *Journal of Health and Social Behavior*, 44, 318-331.
- Nadal, K. (2009). *Filipino American psychology: A handbook of theory, research, and clinical practice*. Bloomington, IN: AuthorHouse.
- Portes, A., & Rumbaut, R. G. (2001). *Legacies: The story of the immigrant second generation*. Berkeley, CA: University of California Press.
- Pew Research Center. (2012). *Asian-American survey: The rise of Asian Americans*. Retrieved from <http://www.pewsocialtrends.org/asianamericans-graphics/filipinos/>
- Radics, G. B. (2004). Terrorism in southeast Asia: Balikatan exercises in the Philippines and the US 'War against terrorism.' *Stanford Journal of East Asian Affairs*, 4(2), 115-127.
- Rafael, V. L. (2000). *White love and other events in Filipino history*. Durhan & London: Duke University Press.
- Rumbaut, R. G. (1999). Assimilation and its discontents: Ironies and paradoxes. In C. Hirschman, P. Kasinitz, and J. DeWind (Eds.), *The handbook of international migration: The American experience* (pp. 172-195). New York: Russell Sage Foundation.

- Samuels, G. M. (2009). Using the extended case method to explore identity in a multiracial context. *Ethnic and Racial Studies*, 32(9), 1599-1618.
- Smith, L. T. (1999). *Decolonizing methodologies: Research and Indigenous peoples*. New York: St. Martin's Press, LLC.
- Stoney, S., & Batalova, J. (2013, June 5). Filipino immigrants in the United States. *Migration Policy Institute*. Retrieved from: <http://migrationinformation.org/USFocus/display.cfm?ID=777>
- Strobel, L. M. (2000). *Coming full circle: The process of decolonization among post-1965 Filipino Americans*. Quezon City, Philippines: Giraffe Books.
- Tamayo-Lott, J. (1976). Migration of a mentality: The Pilipino community. *Social Casework*, 57, 165-172.
- Teodoro Jr., Luis V. (1981). *Out of this struggle: The Filipinos in Hawaii*. Honolulu, HI: University Press of Hawaii.
- Tritten, T. J. (2012, June 7). Philippine government gives OK for US to use old bases, newspaper reports. *Stars and Stripes*. Retrieved from: <http://www.stripes.com/news/pacific/philippines/philippine-government-gives-ok-for-us-to-use-old-bases-newspaper-reports-1.179790>
- Tyner, J. A. (1999). The geopolitics of eugenics and the exclusion of Philippine immigrants from the United States. *Geographical Review*, 89(1), 54-73.
- U.S. Census Bureau. (2010). American Community Survey. Retrieved from: http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_13_1YR_S0201&prodType=table
- Whaley, F. (2013, April 16). Shadows of an old military base. *The New York Times*. Retrieved from: <http://www.nytimes.com/2013/04/27/world/asia/27iht-subic27.html?pagewanted=all>.
- Whaley, F. (2016, April 12). Eye on China, U.S. and Philippines Ramp up military alliance. *The New York Times*. Retrieved from: http://www.nytimes.com/2016/04/13/world/asia/philippines-south-china-sea-ash-carter.html?_r=0
- Willgerodt, M. A., & Thompson, E. A. (2006). Ethnic and generational influences on emotional distress and risk behaviors among Chinese and Filipino American adolescents. *Research in Nursing and Health*, 29, 311-324.

Book Reviews

S. M. Amadae, *Prisoners of Reason: Game Theory and Neoliberal Political Economy*. Cambridge University Press (2016), 360 pages, \$34.99 (paperback).

The term “neoliberalism” is now widely used in social welfare and social work, but it is seldom defined, and few of those who use the term appear to understand its complex meanings or appreciate its nuances. Instead, it seems to be a generalized synonym for what was previously known as “capitalism” or otherwise for a predatory type of capitalism characterized by the voracious pursuit of profits by large commercial firms and their political allies. Some regard neoliberalism as a totalizing ideological system in which human relationships are entirely shaped by market forces, while some believe that it comprises a unique form of governance in which the state exercises its power to promote the interests of business elites. Others take a more capacious view, regarding any type of market exchange as neoliberalism.

Amadae’s book makes a major contribution to understanding the concept of neoliberalism and its multiple meanings and dimensions. She begins by distinguishing between classical liberalism and neoliberalism. While the former upholds a “no harm” principle in which the pursuit of self-interest should not disadvantage others, the latter promotes a “nuclearized sovereignty” in which self-interest is unconstrained by either moral norms or state regulation. In addition to classical writers such as Smith, Locke and Mill, she believes that twentieth century market liberals including Hayek, Friedman and Nozick also subscribe to the “no harm” principle and should therefore be classed as classical liberals. On the other hand, neoliberalism rejects the no harm principle and is tantamount to a winner-take-all game in which no limitations are placed on the pursuit of gain, and losers are mercilessly eliminated. Amadae illustrates her argument with a detailed analysis of game theory and its adoption by governments and policy makers.

Game theory was pioneered by strategic analysts associated with the RAND Corporation during the Cold War, who sought to model mathematically the way nuclear weapons could be used to maximize their deterrent value. This soon led to its application in other fields. Together with rational choice theory (which Amadae discussed in a previous book) she believes that the adoption of game theory in academic circles and in public policy marks a profound phase in the development of the social sciences.

The author uses the celebrated Prisoners Dilemma game to illustrate her analysis of how game theory is applied to different intellectual and policy fields. As is well known, the prisoner's dilemma game demonstrates how rational decision-making based on self-interest can be mathematically modelled to calculate the risks associated with different outcomes. She contends that this relatively straightforward game is a useful way of gaining insights into the far more sophisticated and mathematically prodigious body of knowledge that now exerts a powerful influence on policymakers and in academics in fields as disparate as economics, evolutionary biology and jurisprudence. Her message is that game theory should not be dismissed as an exotic preoccupation of a handful of scholars engaged in obtuse computations but recognized as a scientifically-based justification for elevating strategic rationality to the highest levels of government. The strategic rationality that permeates game theory, she contends, also forms an integral part of neoliberal ideology, which directly affects the lives of hundreds of millions of people today.

The book is divided into three parts. Part I provides a discussion of the emergence of game theory and its application in formulating nuclear strategy during the Cold War. Part II examines the application of game theory to public policy, showing how the classical contractual principle of consent has evolved under the influence of rational choice and game theory into a darker interpretation in which the use of coercion to require cooperation is justified. In an interesting analysis, she shows how these ideas gained popularity through the work of leading neoliberal scholars such as James Buchanan, who overturned the classical liberal no harm principle by abrogating the requirement that those who are disadvantaged by

policy decisions should be compensated. In Part III of the book, the author examines the way game theory has influenced evolutionary biology, and particularly the concept of the Selfish Gene developed by Richard Dawkins. The book concludes by drawing the material together and offering a brief but heartfelt call for a different approach that celebrates human agency and transcends the narrow confines of rational choice and mathematically computed rational outcomes.

Although this is not a book for beginners, it offers important insights into a dimension of neoliberalism that is seldom recognized or subjected to detailed scholarly scrutiny. The author makes use of a formidable body of literature and demonstrates her equally formidable mastery of the material. Those who make frequent rhetorical references to the evils of neoliberalism should consult this book to better understand the complex ways Western individualism has evolved into an extreme form of atomized rationality in which human behavior is interpreted in terms of mathematical formulas based on games with calculable outcomes. By reading Amadae's fascinating book, they will be better equipped both to understand and respond to the neoliberal challenge.

James Midgley, University of California, Berkeley

Lal Zimman, Jenny Davis, and Joshua Raclaw (Eds.), *Queer Excursions: Retheorizing Binaries in Language, Gender and Sexuality*. Oxford University Press (2014), 231 pages, \$23.70 (paperback).

Queer Excursions contains chapters summarizing eight different studies looking at language, gender and sexuality. I envisioned a focus on 'queered' binary language, such as the use of gender neutral pronouns and being introduced to more recent studies on 'queer non-binary' gender identities and sexual orientations. But rather than looking at language, gender and sexuality as separate entities, the book's approach was to analyze language use surrounding queer identities.

Some studies were easier to understand than others, but all were interesting. What I found to be most valuable was the inside look at gender and sexuality structures in other

countries. Learning about both gay and lesbian identities in Israel as well as being introduced to the culturally different use and understanding of Indonesian 'tomboy' and 'lesbi' identities provided an enlightening new perspective. Rudolf Gaudio focused on Nigerian Hausa-speaking men with non-normative gender identities and sexual practices. He showcases their creation of an ambiguous, shifting alignment between gender, sexuality and the roles of either acting or being acted on. These cultural studies provided different contrasts in which to think about our own similar American identities.

My own focus is primarily on gender identities and the social construction of binary gender classifications. This book allowed me to see more clearly the blurred lines between my interest and those of feminist thought that is also challenging the social construction of gender in the United States. I appreciate the book's approach, which is not to discard the binary, but to advocate for a more complex and contextually grounded engagement with the binary. As shown in other countries throughout this book, it is not possible nor desirable to deconstruct the existing polar ends of a binary. The goal of these authors is to make more evident what exists between these polar ends and to advocate for ways to make these dichotomies more fluid and inclusive.

As a social worker, I tend to be more passionate about the emotions felt by invisible and vulnerable populations. Beneficial to my own growth, I was able to see how specific language constructs can both oppress and empower these populations. Each study provided a perspective on either one or both sides of this dichotomy.

Lal Zimman addresses conceptualizations of gender through analyzing the language transgender men use to describe their gendered body parts. Orit Bershtling shares findings of a study done on the Hebrew language and how non-binary Israelis engage in empowering linguistic practices to avoid using the strict grammatical gender system. This engagement is very similar to the 'third person' pronoun use by gender non-conformists in the United States. Jenny Davis provides a refreshing chapter addressing the western colonialists' incorrect use of the terms 'gay Indian' and 'Two-Spirit'.

The exposure to constructed binary structures presented in different forms and in very different communities

was both engaging and overwhelming for one entering the academic world from a practice background. There was an evident theme throughout the book to encourage more research on communities that are not easily categorized into usual dichotomies. I gladly accept this invitation in my own work, focusing on non-binary life in experiences in the United States, not with a linguistic frame, but from a social work perspective.

Sherri Shimansky, Arizona State University

P. Tony Jackson, *Black Male Violence In Perspective: Toward Afrocentric Intervention*. Lexington Books (2015), 171 pages, \$80.00 (hardcover).

An accomplished clinical psychologist and professor at Skyline College, P. Tony Jackson provides readers with an understanding of the causal mechanism of black male violence and presents research findings that provide evidence for the promise of using Afrocentric models to address the issue of violence among young black men. Jackson describes the historical context of violence within the black community among largely black young men, and how American society historically has nurtured the violence both suffered and committed by black men, while at the same time openly condemning the very violence it has created.

The first chapter is an overview of the problem of black violence and the painful statistics that inform our understanding the problem. Jackson begins with a description of how within the United States, the impact of violence within communities disproportionately impacts young black males who are both perpetrators and victims of violent crimes. The situation of black male incarceration rates has worsened with time, as U.S funding priorities continue to focus on constructing prisons rather than funding intervention through social and mental health services.

In the following two chapters, Jackson addresses the historical roots of violence among African American youth, its link to a history of racism, and the role of media in perpetuating violence among African-American males. Violence among young black men, Jackson suggests, is a historical symptom of

enslavement for which America has yet to provide any form of reparation. During the era of American slavery, blacks were continuously victimized mentally, physically, and spiritually and were not provided with any means of retaliating or receiving protection from further assaults by white Americans. This paradigm of violence against the black community today continues to show its face, as when the cases of young men such as Oscar Grant and Michael Brown are recalled. The frustration and anguish of living under conditions in which your life can be taken without punishment, coupled with the negative influences that western stereotypes of black behavior perpetuate, continue to play a role in the internal and external manifestation of violence among young black males.

Chapters four and five provide more depth on the effects of violence and how it is intertwined with perceptions of powerlessness, oppressive institutions, micro-aggressions, and the exposure to community violence. Often with few constructive outlets to access within their communities, the “three-headed dragon” of frustration, depression and anger, manifests in detrimental ways for black male youth and their communities at large, leading to violent behavior.

Chapters six through eight provide the reader information on the historical evolution of violence prevention and innovative ideas that black communities and scholars are applying to prevent violence and to intervene on behalf of the young male population. Historically, programs designed to prevent violence have been developed to address the needs of white middle class populations. The effectiveness of using such programs to assist black male youth have been limited. However, black scholars are calling for the use of Afrocentric frameworks for the purpose of developing youth prevention programs, such as the Bakongo concept of Muntu. Afrocentric frameworks hold promise in potentially meeting the needs of black male youth which other models fail to address.

The final chapters of the book provide the results of Jackson’s brief Afrocentric group intervention on participant levels of frustration, tolerance, depression, and mediation of anger. While Jackson’s study did not demonstrate statistical significance quantitatively, qualitative results indicated potential reduction of depressive symptoms and a reduction in

anger among participants.

In many parts of the book, Jackson overemphasizes the psychological underpinnings of violent behavior and does not discuss the significant role that poverty plays as a barrier to meeting many of the psychological and social needs which aim to prevent violent behaviors. However, this book is excellent for anyone serious about gaining an in-depth understanding of the issue of black male violence. Social workers can benefit from this book in terms of understanding the problem of black-on-black violence among young black males in an effort to find pragmatic solutions.

Husain Lateef, Arizona State University

Heidi Hoechst, *Life In and Against the Odds: Debts of Freedom and the Speculative Roots of U.S. Culture*. Temple University Press (2015), 312 pages, \$30.00 (paperback).

In *Life in and Against the Odds*, Heidi Hoechst examines the growth and progression of speculative nationalism in the United States from pre-Revolutionary War to recent events. Speculative nationalism is explored as a mechanism for withholding freedom and perpetuating racial and gender division. Socioeconomic inequalities continue to grow between the few who are profiting and the majority who are left out, and Hoechst warns of the consequences of such enduring injustices to our collective liberation. Even against the backdrop of injustice, Hoechst provides moments of people going “against the odds” to signify how collective and individual efforts defied speculative nationalism. I appreciated and thoroughly enjoyed learning more about specific “against the odds” lived experiences, particularly the resistance from Native Americans and offspring of African Americans who reinvent their own dance and music.

Part one of the book focuses on land as a crucial point for early American nationalism. Fictional stories and the writings and career of Frederick Law Olmstead set the stage for the exploration of how land was used to convey speculative nationalism. The acquisition of land through violence and illegal means, as well as the examination of slave labor,

reflect the racialized beginnings of the United States and the lasting legacy of those early decisions and views. These focal examples highlight Hoechst's commitment to confront players that historically and currently benefit from speculative economic climates.

In order to regain and retain national loyalty during the early part of the twentieth century, part two highlights how Constance Rourke's exploration of American art and folk culture and the narratives and scholarly writings of two prolific thinkers, F. O. Matthiessen and W.E.B. DuBois, challenge and promote speculative nationalism. Hoechst's use of Rourke's work is wonderfully woven into this part of the book to showcase how different dimensions of culture can influence speculative nationalism. Matthiessen and DuBois both showcase the pull and rejection of speculation in a natural way through the moments of doubt and discovery each scholar encountered.

In part three, the collapse of the housing market is smartly examined as a prime example of the racial divide that we continue to inherit as a result of speculative nationalism. Hoechst incorporates various policies enacted in the later part of the twentieth and early twenty-first century to reinforce poverty, especially among women, African Americans, and Latinos. The second half of part three touches on the puppetry festival of a neighborhood in Minnesota on May Day that annually defies speculative nationalism by imagining and displaying a world of justice and equality. This observed collective power neatly concludes the book on a hopeful note that transforming society is possible with long-term commitment to addressing the collective injustices of our past.

For those with limited knowledge of American history and American studies jargon, the context may be difficult to follow. References to specific narratives and figures are made throughout the book that add to the argument, however, the backdrop of these historical time periods is so vast that readers may become confused, as injections of these narratives and figures are not thoroughly explicated. Furthermore, American studies jargon is scattered throughout the book and requires some background knowledge to fully comprehend the significance of these terms.

The book adds to the discourse of American Studies,

particularly to the racial and gender inequalities that have permeated the country historically and in present time. The idea of deferred justice challenges readers to re-imagine a reality in which liberation is on hold. Liberation is deeply tied to the roots of American history. However, the vast majority of Americans have yet to truly live the values attached to American nationalism. This book acknowledges this reality and provides a potential solution through collective action, and is recommended for those interested in American Studies, American history, race relations, and social movements.

Cindy Vang, Arizona State University

David Stoesz, *The Dynamic Welfare State*. Oxford University Press (2016), 282 pages, \$35.00 (hardcover).

This book collects and expands research and ideas on the welfare state that David Stoesz has been proposing for the last decade or so. It is very well written, and when the research is presented in this more systematic manner, it allows the reader to see how these ideas mesh. This is a book that every professional concerned with social welfare history and policy will want to digest carefully.

In very broad terms, Stoesz views the American welfare state as including all areas of society primarily concerned with the provision of health, education, security and the benefits of general well-being. In other words, the "state" in "welfare state" refers as much to a state of being as it does specifically to government policy itself. This is a stimulating perspective, certainly worth considering, but it also needs to be questioned. It allows Stoesz to include a massive layer of welfare provisions under the umbrella of the American welfare state that many readers may find misplaced or downright misleading. For example, when comparing the American welfare state with that of other nations in the area of provisions for retirement, Stoesz insists that we have to include private pensions and 401K programs, and not limit our view to only government programs themselves. In the case of this example of retirement security, therefore, America moves from one of the bottom of the developed nations when only government programs are

considered, to being almost at the top among nations, when all of the privately funded pensions and 401K accounts are added to the mix.

Stoesz argues that this wider view is legitimate, and even necessary to make comparisons valid, because these programs, while privately funded, are nonetheless strongly facilitated by explicit government policies and are even partially government-funded in the form of tax breaks and deductions to incentivize corporations and individuals to engage in these retirement savings options. While Stoesz's view is certainly interesting, I am less confident than he seems to be about its obvious validity. I don't claim any specialized expertise on this topic, but like many who spend a good amount of mental energy thinking about welfare philosophy and policy implications, I suspect I would not be alone in feeling a slight of hand taking place here. Valid welfare philosophy, in my view, must be concerned first and foremost with the "least of these..."—that is, people quite unlikely to have generous pensions or fat 401K accounts—and I, for one, am very uneasy about a seemingly facile collapse of public and private programs into one smooth category. It's a bit like the idea that if you look at an average of Warren Buffett's retirement income and mine, it looks like we are both doing really well. But it will definitely feel better to be on the Buffett plan than on mine! We will return to this point later.

Stoesz presents an engaging history of the welfare state in America as consisting of three major eras. The first of these begins with the New Deal, designated as Welfare State 1.0, the most enduring aspect of which is Social Security. Although originally the social insurance aspect of the program was most important, aimed at alleviating the tragedy faced by those widowed and orphaned by accidents on the job and by other early death of family bread winners, the old age benefits eventually became most important, as they are today. Social Security policy stemmed from a recognition that provisions against dire poverty, for the young as well as those in old age, is a collective, social responsibility, and policy was designed to reflect that obligation we have to each other as citizens. In this, America was decades behind the developed nations in Europe, and while there are still those who actively resist the

blow to strict individualism represented in Social Security (and in many other aspects of the attitudinal changes solidified in New Deal programs) this program remains one of the most popular welfare state programs in American history.

Welfare State 2.0 (as Stoesz calls it) might be dated from the many government-supported programs designed to shore up the American middle class after WWII, but is perhaps best characterized by the launch of Medicare and Medicaid during the Johnson years. The symbolic importance of these programs is that it represents the inclusion of another very large sector of general welfare, that is, healthcare, under the umbrella of collective responsibility. It is also important for the fact that, the VA hospital system notwithstanding, there were no government hospitals set up to administer Medicare and Medicaid. Rather it was assumed from the very beginning that the actual administration of healthcare services under these programs would be in the hands of private providers. The government's role was that of payer, not provider. This was very different than the type of classical welfare state that characterizes the system in many European countries.

And finally, we see the movement into Welfare State 3.0, or what Stoesz characterizes as a broad expansion of the provision system into the private sector in all areas. Stoesz rightly suggests that the Dynamic Welfare State is rooted in the backlash against the generally sanguine view of government found in the previous welfare state philosophies, whether of socialist or liberal leanings. Ronald Reagan's loud proclamation that "Government is not the solution, government is the problem," summed up well the neoliberal attitude that reigned more or less unalloyed for the next 30 years. During this period, countless government welfare programs were slashed on the basis of totally unrealistic and largely irrelevant performance goals, and were privatized willy-nilly on the blanketly unsupportable assertion that the private sector can do anything the government can do more efficiently and more effectively (one might have thought that Eisenhower's warning about the functioning of the government/private nexus in the military-industrial complex should have nipped that assumption in the bud, but it obviously did not.) This assumption has only recently come under close scrutiny, as private banking institutions

threatened to collapse the American and even world economy and then looked to the government for a bailout.

It is to Stoesz's credit that it is often very difficult to discern exactly his attitude toward this radical alteration that took place during these last few decades. Does he embrace this development and advocate that we build on it for the future, or does he simply assume that what happened is history and cannot be changed, so let us now make the best of it? One could easily line up passages from the book to make either case. In any event, Stoesz's hope is that we will be much more stringent in bringing empirical studies into play to weed out programs that work from those that do not, and that we will become much more alert to the vested interests of those (including entrenched academics!) who distort and exploit the system as it is.

While demanding evidence-based practices and subversion of entrenched and distorting interests could apply equally to public and private service providers, there is no question that Stoesz's enthusiasm, that is, the dynamism of the Dynamic Welfare State, is directed toward those private, experimental programs that he sees as subverting the entrenched and ineffective programs that are still hanging around from Welfare State 1.0 and 2.0 days. Again, here there are serious problems with this book. The programs Stoesz points to (almost as repeating a personal rosary) that best represent his vision of the future are the Nurse Family Partnership, Teach for America, and the Harlem Children's Zone. Stoesz apparently feels that the greatest welfare sin existing is that ongoing funding for currently established programs too often crowds out funding for these "dynamic" ventures.

I want to emphasize that this is a well-researched book and I have no question that Stoesz has done his homework on these programs. But I myself (no expert, I remind you) have had close conversation with front line workers in at least two of these programs, and just from those limited conversations it is already clear to me that these "dynamic" ventures also suffer from much the same gap between ideals and reality that any other social program does. Furthermore, at least to my pedestrian mind, it looks to me that if one were to start seriously addressing the problems that emerge in these programs

as they are extended to replace the tired old existing programs, we would very quickly find ourselves in the situation in which the names have changed but the very same problems remain. If Stoesz has had such conversations with respective front line workers and recognizes the dilemmas they pose in terms of the programs he admires so much, he gives no evidence of it in this book.

All in all, the basic gestalt of any welfare state is simply this: You can have policy and programming that is (1) highly beneficial to recipients. You can have policy and programming that is (2) very comprehensively inclusive of the citizenry. And you can have policy and programming that is (3) very cost effective and inexpensive for the taxpayers. But, you can't have all three of these at once; you can have at best two of them. The American welfare state has always foundered on the fact that we simply don't want to tax ourselves at the level required to pay for our collective responsibilities toward our fellow citizens, and during the neoliberal era that statement could be made in spades. The problems of the American welfare state are pretty much as simple as that.

Stoesz is very confident that, armed with his empirical studies showing how a little spent here will save us lots over there, we can be convinced to make intelligent, rational, long-term policy decisions that will get us pretty close to achieving the Trifecta. I am much less confident that this is a realistic assessment of the electorate and politics of the USA. Including privately funded pensions and 401Ks in our stats (to return to the example outlined above) may make things look better on paper. But in effect, as we have seen repeatedly, it is the second element of the welfare gestalt that suffers—large segments of the population are simply left out in the cold to fend for themselves. I will resist pontificating, based on the current USA election, about what can happen when such large segments of the population are simply left out in the cold to fend for themselves. But if the reader finds herself musing about this connection, my job as a reviewer will be accomplished.

Daniel Liechty, Illinois State University

Corresponding Authors

Richard K. Caputo
caputo@yu.edu

Michael A. Lewis
michael.a.lewis@hunter.cuny.edu

Jennifer Mays
j.mays@qut.edu.au

James P. Mulvale
james.mulvale@umanitoba.ca

Keith Rankin
krankin@unitec.ac.nz

Almaz Zelleke
almaz.zelleke@nyu.edu

Sara Cantillon
sara.cantillon@gcu.ac.uk

David Stoesz
dstoesz@kean.edu

Elizabeth Kiehne
elizabeth.kiehne@asu.edu

Maria Ferrera
mferrera@depaul.edu

JOURNAL OF SOCIOLOGY & SOCIAL WELFARE
2016 Publication Information & Subscription Rates

Volume:	XLIII	
Volume Year:	2016	
Publication Period:	1-16 to 12-16	
Publication Frequency:	Quarterly	
Publication Dates:	March, June, September, December	
Subscription Rates:		
Online version only	Retail Cost	Subscription Agent
	Individual	
	\$44.00	\$44.00
	Institution	
Print plus online version (package)	\$88.00	\$78.00
	Individual in U.S.	
	\$52.00	\$52.00
	Individual Outside U.S.	
	\$64.00	\$64.00
	Institution in U.S.	
	\$96.00	\$86.00
	Institution Outside U.S.	
	\$108.00	\$98.00

Institutional subscribers can access the Journal's articles with ip authentication. Please send ip information to swrk-jssw@wmich.edu. Individual subscribers can access the Journal's articles online by contacting swrk-jssw@wmich.edu for a password.

Prepayment in U.S. funds. Single year subscriptions only. Subscriptions non-cancelable. Free replacement within six (6) months of publication of issues not received. Back Issues: \$20.00 per issue, plus \$2.00 for postage. ISSN: 0191-5096. Tax Free Registry No.: A-154961. Federal Tax ID No.: 386007327. Index: Included in Issue Number 4 (December) at no additional cost. Web Site: <http://www.wmich.edu/socialwork/journal/>. Contact Person: Gary Mathews, Ph.D., Managing Editor. *Journal of Sociology and Social Welfare*, School of Social Work, Western Michigan University, 1903 W. Michigan Ave., Kalamazoo, MI 49008-5354 USA. e-mail: swrk-jssw@wmich.edu. Tel: 269-387-3205 Fax: 269-387-3183.

Western Michigan University
JOURNAL OF SOCIOLOGY AND SOCIAL WELFARE
School of Social Work
Kalamazoo, MI 49008-5354

Non-Profit Org.
U.S. Postage Paid
Kalamazoo, MI
Permit #87