

## BASIC INCOME AND JOB GUARANTEES: ALTERNATIVES OR COMPLEMENTS?

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A paper for the Fourth Congress of the U.S. Basic Income Guarantee Network: The Right to Economic Security, New York City, March 4–6, 2005, and for the online forum on basic income of the *Rutgers Journal of Law and Urban Policy*.

Any reader of papers online, or any auditor of earlier panels on this topic cannot have failed to notice a perplexing rancor surfacing from time to time - unusual for a group that broadly shares a commitment to equality, individual freedom and opportunity, and recognizing the importance of self-realization through work. In my effort to identify the real issues in the debate and also the source of the antagonism, I have come to two conclusions. First, progress in this debate requires that we get fairly precise about what we mean by income and job guarantees. Second, misunderstanding arises when we are unclear about the circumstances in which we imagine one or another policy applying, or when we shift from an ideal, in which some version of egalitarian justice is thought to be realized, to a situation short of the ideal. Since most authors speak about both the ideal and the most practicable in the shorter term, this confusion is easy to understand.

There is less confusion about “basic income” than about “right to a job,” “job guarantees,” “employer of last resort” or indeed “work.” By “basic income” we mean an income given to everyone that is not conditional on means-testing or willingness to work. What is sometimes unclear is the level we are speaking of: it can be at, below, or above some measure of subsistence. USBIG typically defines a BI as an income necessary to meet the most basic needs (USBIG website: [www.usbig.net](http://www.usbig.net)). Van Parijs advocates a BI at the highest sustainable level, which could be substantially above subsistence in some circumstances, and might fall below it in others. The adjective “basic” thus refers not to serving basic needs, but to its being universal and unconditional - it is always there and everyone can count on it (Van Parijs 1995, 35).

What one is advocating when one calls for a “right to work” varies depending on whether one has in mind any available job, or only “decent jobs,” and whether by “decent” one means only the wage level and safety conditions, or also whether the work is satisfying and fulfilling for the worker. Also unclear is who is to secure the right. It could be the government as an employer of last resort (and here we need to know the responsibilities of various levels of government), or private employers. In the latter case, a right to work might dovetail with employer wage

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subsidies (Thus Harvey is incorrect when he says “there is no private market equivalent of a government job guarantee.” (Harvey 2004, 38)).

Then there is the matter of how one envisions this range of policies interacting. If the “right to work” is not to be a veiled obligation to work, it must signify an opportunity that the worker freely chooses. If job guarantees come at the expense of a lowered BI, then there can clearly be a tension between the two. If a basic income enables individuals to survive, but in conditions in which they lack opportunities for both income and fulfillment, then there is a reasonable suspicion of inequality that the basic income does not rectify.

Finally, there is the question of why one favors any of these policies. Is the aim to lift everyone out of poverty? Is it to bring about real freedom? Is it to couple basic rights with “responsibility”? It is important to get clear about what standard of social justice we are appealing to, and if there are disagreements on this level, to put these on the table.

If all we have in mind when we think of job guarantees is greater provision of public sector jobs, for which there are justifications independent of job provision, such as that they supply public goods, or can, in Harvey’s words, “break even” (pay their own way by providing marketable goods and services), then there is clearly no incompatibility between basic income at any determined level, and such job creation (Harvey 2004, 39-40). Such employment increases (or at least does not deplete) the stock of social wealth, and in turn funds basic income itself. None of the critics of job guarantees oppose such policies. However, such policies may well fall short of the government as employer of last resort, and the jobs provided need not be “decent,” much less the sites of what Standing calls “Promethean-Aristotelian” work, or work that is creative and humanizing (Standing 2004, 9).

The more difficult case, and the case we need to focus on, is when, after the provision of such aforementioned jobs, there is still involuntary unemployment - there are still people who would like decent paid employment but cannot find it in either in the private or the public sector of the labor market. If everyone is to be guaranteed a job, then the government will need to be the employer of last resort (or will need to fund wage subsidies to private employers), and for this margin of jobs, by hypothesis, the investment will be inefficient. The jobs will not pay for themselves and will require continuous subsidy. The funds used will be those that could otherwise go toward a higher basic income, toward healthcare, toward education, toward raising the minimum conditions of other jobs. The decline of funding may also increase the economic coercion that workers face to take the jobs provided. They need additional money to pay for healthcare, training, and other necessities. They must take the jobs provided to gain access to this money. Here we have a case of some level of basic income together with ELR. Clearly the two policies can coexist. But can the tradeoff of less BI in exchange for a universal job guarantee be justified? That is the question we need to face.

We should face it with a defensible conception of social justice. Harvey accuses Van Parijs of reducing the multiple objectives of human societies to a “single dimension,” real freedom as a policy goal (Harvey 2004, 36-37). But this criticism is misplaced, for “real freedom” is shorthand for a complex conception of justice in the same family as Rawls’s justice as fairness in which multiple values are lexically ordered. In all such theories, there is a commitment to basic liberties, and to some version of equal opportunity that seeks to even out the effects of class background and disabilities on individual opportunity. Against this background, there is an egalitarian presumption that the all-purpose means of realizing one’s ends—in Rawls’s case, the primary goods of income, wealth, power and authority, and leisure—be distributed equally, unless some inequality benefits everyone, particularly the least advantaged. In Van Parijs’s defense of basic income, the claim is made that, against the background of basic liberties, self-ownership, and equal opportunity (“undominated diversity”), real freedom will be maximized for the minimum most effectively through an unconditional basic income (Van Parijs 1995).

Harvey points out that not all goods are purchasable, so that, even if what one wants is a job, having a basic income is not sufficient to enable one to get what one wants. But the value of a BI is not reduced to purchasing power. A substantial part of its warrant comes from the way in which it enhances the *bundle* of basic goods that everyone needs to be not just formally, but really, free. It contributes to one’s power, most significantly in enabling one to refuse work (more so the higher the level), and it contributes to self-respect (which Rawls calls the most important primary good since without it one loses motivation to live a good life at all), because it is society’s way of saying to each of us, here is your endowment, we trust you to live a good life with it. In displacing conditional benefits that divide the deserving from the undeserving, it also removes stigmas, and thus, is comparatively, more conducive to self-respect.

Nevertheless, should the bundle of primary goods include a guaranteed access to a job as well as income? It is true that not everyone’s conception requires this, whereas whatever one’s conception, one will favor more income and wealth (including the possibility of tradeoffs with leisure), power and authority, and the bases of self-respect, even if only to give away some of them. It is an old point, but worth reiterating, that one’s income can go up even as one’s power declines. If one’s employer’s profits are growing sufficiently, one can become increasingly powerless even as one’s wage rises. In his theory of justice, Rawls assumes this problem away in arguing that higher incomes tend to correlate with higher wealth, power and authority (Rawls 1971, 80-83). Globalization and its effects on the shape of work may well be weakening this assumption, however, even if it was plausible thirty years ago. The nightmare of Vonnegut’s *Player Piano* may be on the horizon: a society in which very few people mind the machines and offices, while large numbers are

sustained with an income but live superfluous lives. No one wants to live a superfluous life. If justice includes enabling each person to live a meaningful life, and income, even with the other conditions that are required for justice, is insufficient under some conditions, then we need to ask: What else must be provided?

That there must be something else is at the root of Sen's criticism of the doctrine of primary goods when he notes that what matters are our capabilities for various functions (Sen 1992). Sen indicates that one doesn't attain these capabilities automatically through possession of the primary goods. On this basis one can make a more direct argument for healthcare, education, and compensatory measures for those who are disabled. One might also make a case for provision in the basic structure of the economy itself, sufficient occupations so that no one needs to sit on the margins and feel superfluous. I believe Standing recognizes this point when he says:

“I regard a basic income as a *necessary condition* for a progressive version of the right to work. The absence of a right to basic income security—unconditional, individual, regardless of status, etc.—makes a right to work impossible in the real world.

Note that a basic income should be seen as a *necessary condition*, but not sufficient to realize any such right to work. Thus, as I argue elsewhere (e.g., Standing, 2002: chapter 12), a right to work as occupation would also require strong and equal voice representating security, as well as institutions to provide avenues for developing a flexible working life.” (Standing 2004, 8).

By “occupation” Standing has in mind not just any paid employment, but fulfilling creative activity, whether paid or unpaid. Apropos of the comparison of John and Jane, he makes the good point that “there is no need for any belief that all forms of work should be compensated by equal monetary rewards.” (9) Much unpaid work has its own non-monetary rewards, and the goal should be to “allow a greater degree of freedom in choosing the amount and forms of work.” (10). He adds, “someone who chooses to do unpaid work rather than simply paid labor is likely to receive less income” (10). Rather, the critical question is whether someone doing unpaid work has chosen that, or is doing it for lack of alternatives.

Thus, it is not surprising that Standing also favors “labor market policies” to address involuntary unemployment (10) in addition to BI, but stresses that BI can facilitate finding alternative satisfactory work. He concludes, stating that the “primary rationale” for BI is that it is a means to “an egalitarian work-based society.” It needs to be stressed, however, that to favor policies that provide employment, or in other ways seek to reduce involuntary unemployment, is significantly short of ELR.

I think nevertheless, that there might be some possible convergence around the idea that a just society must provide not only all purpose

individual means, such as income and wealth, but also a structure of possible social positions (political, economic, familial), such that the worst off representative person—indexed not only as the one with least wealth and income, but also less power, less “voice,” less range for the exercise of capabilities in the positions occupied - is better off than would otherwise be possible in some other social arrangement. I think Standing might agree that scarce social resources might be directed from the basic income to the design of social positions, with a view to social inclusion and each person’s opportunity to flourish.

Does this justify ELR? That is not so clear to me. One can find satisfying occupation in unpaid work. That some have a taste for paid employment is not a sufficient reason for ELR. If the taste is for the pay, then the reduction in BI involved, by hypothesis, for the person receiving only a BI, is a loss to the less advantaged for the benefit of one more advantaged. If the need is for the non-pecuniary benefits of work, then the appropriate question is how we can provide these most efficiently to everyone, so that no one need be marginalized. It is not obvious that ELR is the most efficient way to meet this broader goal.

### **Some pros and cons regarding work**

The point I made earlier about the need to clarify whether one is speaking of the ideal society, or something short of it, is relevant to Harvey’s example of Jane and John - Jane having only her BI, and John having the BI plus a job. Clearly Jane, who also wants paid employment but cannot find a job, is less well off than John. But the idea that a job guarantee can simply be added to her package of basic entitlements assumes that there is a reserve of unexpended resources from which to create the guaranteed job. This might be the case, but if so, then it might also be possible to raise the level of BI, not only for Jane and John, but for Jim, who prefers the simple life and leisure that a higher BI would afford. Guaranteeing a job to the “Janes” would come at the expense of reducing the incomes of the “Jims.” This might also put greater pressure on Jim to take a job he doesn’t want in order to make ends meet. In the ideal case, the individuals worst off have as high an index of primary goods as it is possible for them to have. If we let Jane be that worst off person, the relevant question is whether it is warranted to reduce her basic income, and John’s (and Jim’s), in order to make jobs available to everyone who doesn’t have one.<sup>2</sup>

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<sup>2</sup> If it be objected that John has opportunities that Jane does not, and that is unfair, we need to be careful not to slip into imagining the less than ideal case. In the ideal case, the differential is allowed only because in some way John’s having that higher income is conducive to Jane having more than she would have if he had any less, and not only more income, but more of the total package of goods.

I think the answer is that it is not warranted. All that might be warranted, in light of the earlier points, is some investments in the social structure to make it more egalitarian in positions available, but this need not, and should not include only paid jobs, although it might include paid jobs as part of the package. ELR would involve a bias toward those with a taste for paid work. When Harvey asks, “understanding the personal costs of involuntary unemployment, is there anyone in their ‘right mind’ (as defined by Van Parijs) who would not choose to devote a portion of their BI guarantee to insuring themselves and others against it?” The answer is yes, namely those who have a high preference for inexpensive leisure or unpaid non-market activities over paid employment. In this respect, paid jobs are not on a par with healthcare and basic education.

To drive this point home, consider that the comparison between John and Jane can also be run as a comparison between a person, John, who has a great job (i.e. is very well paid, excellent benefits, highly challenging, involving interesting colleagues, socially beneficial), and Jane, who has a “decent” job that isn’t so great. If the goal is “work” that is humane and fulfilling, and not just a source of income, then it is not enough to guarantee a job, one must instead guarantee “work.” But this is much harder to do, given the variety of tastes and needs and abilities, and much more expensive than a simple ELR program.

In sum, what I think the real debate comes down to, once we focus on the relevant case of inefficient jobs that are created simply to provide paid employment instead of cash payments, is the issue of liberal neutrality. Partisans of job guarantees, insofar as it is more than is warranted by provision of public goods, consider a job to be part of what everyone ought to want, and thus everyone should be guaranteed access to a job, even at the cost of a lower basic income. Partisans of a basic income, but not job guarantees of this strong sort, favor giving everyone an “equal tradable right to a job” (Van Parijs 1995, 110), but tradability entails that there are things that can substitute for a job, and not everyone needs to have a job as a matter of justice. It would be unfair to those with a preference for voluntary unemployment to favor those with a preference for paid work. What is fair is to give each his or her share of unearned assets, and then let those find paid employment from those individuals and collectivities that are willing to pay for it.

## **Appendix: Job guarantees, wage subsidies, and guaranteed income**

For the purpose of my remarks it helps to note that a job guarantee (JG) program is just a special case of wage subsidies, namely the case in which the government, as employer of last resort (ELR), subsidizes some wages at 100%. Basic income (BI) can also be seen as a special case of a minimum income guarantee, and it is useful to note this, because the advantages of basic income over a negative income tax are not particularly relevant for the debate over job guarantees versus income guarantees. Thus, the dispute we are addressing can be fruitfully explored in terms of a comparison between income guarantees and wage subsidies, and some aspects of this comparison apply with equal force to the more specific comparison between basic income and ELR.

Philippe Van Parijs has spelled out the implications of Rawls's theory of justice, and particularly the difference principle, on just this issue. Assuming a scheme of equal basic liberties, and equality of opportunity, the difference principle requires that the remaining "primary goods" - wealth and income, power and authority, and such bases of self-respect as are tied to these - be distributed so as to maximize the minimum for the least advantaged group. The plurality of these goods can raise some problems of indeterminacy if they are not "close-knit" as Rawls assumes, that is if it is not the case that more of one tends to correlate with more of the others. But the plurality also guards against the danger of taking one important primary good, something everyone will want regardless of her plan of life, to the exclusion of others. Van Parijs concludes his analysis thus:

"With Rawls's initial list of social and economic advantages, the sort of distributive scheme favored by the difference principle is a guaranteed minimum income if it is understood, as it should not be, in terms of achieved scores. It becomes an employment subsidy scheme if it is understood, as it should be, in terms of expectations. If leisure is added to the list of social and economic advantages, as Rawls later sensibly proposed, then the strong presumption switches from guaranteed income to employment subsidies provided one sticks to the achieved scores interpretation. If instead one adopts, as one should, the interpretation in terms of expectations, the choice between the two types of schemes is crucially dependent on a more precise specification of the index and on some empirical conjectures." (Van Parijs 2003, 232)

Briefly, the difference principle requires that we maximize expectations, not outcomes, for otherwise it would be too choice-insensitive. Further, leisure needs to be added to the list of primary goods, or otherwise the theory is biased toward those with a preference for leisure. The addition of leisure to the list appears to favor wage subsidies

if we maximize outcomes, because the voluntarily unemployed are compensated for their lesser income by greater leisure, and any claim to minimum income is cancelled out by their complete withdrawal from paid employment and enjoyment of maximum leisure. The wage subsidies are of course tied to a willingness to work, or otherwise they would not be wage subsidies, but rather a basic income.

If we drop the outcome interpretation, and instead focus on “the expected score associated with social positions” (218), again keeping leisure on the list, “the strong presumption in favor of employment subsidies collapses. For, whereas the expected income of the representative incumbent of the worst social position can safely be expected to be higher under the most suitable form of employment subsidies, expected leisure can equally be expected to be more extensive under the most suitable form of guaranteed income.” [When V.P. refers to the “most suitable forms” of these policies, I take him to mean, in the case of wage subsidies, those that do not violate efficiency in such a way as to lower the sustainable minimum income, and in the case of minimum income, likewise, since some schemes can result in “human capital formation” rather than inefficient withdrawal of people from the paid labor market, such that the minimum income generated is lower.] It turns out that which scheme should be favored depends on “the lifetime level of the income-leisure bundles and wealth to be sustainably expected by the worst off.” (219-20). This is an empirical matter that cannot be settled by the theory of justice.

Nor can the indeterminacy be resolved by consideration of power or self-respect. Maximizing the minimum power can be invoked in support of both policies: “Under guaranteed income schemes, the worst-off category will hold fewer jobs and on a more part-time basis than under employment subsidies....[but under a guaranteed income scheme] “the very fact that some of their income does not derive from the jobs the workers hold endows them with a bargaining power which should boost their expected level of powers and prerogatives.” Self-respect might be thought to be promoted better by guaranteed access to a job, than to an income that would “lock people into a situation of unemployment,” but “unemployment subsidy schemes which conspicuously mark off the jobs for the unskilled as subsidized...would also be defective.” (220). These defects are arguably avoidable. But there is no knock-down case for favoring employment subsidies over guaranteed income, because the latter can also be expected to promote employment, by enabling people to price themselves into a job, and to choose the sort of employment they wish (221). And self-respect, while linked to paid employment for many people, is not universally so linked. There are other arenas for achievement and recognition - family, community, politics, etc. The more that people have the resources to move into these arenas, the easier it will be to derive self-respect from participation therein.

Van Parijs concludes that Rawlsian justice is indeterminate for this debate, the implications depending “not only on the exact specification of

the variant [of each policy] considered but also on the precise weighing of the various components of the index of primary goods (with income and wealth leaning one way, leisure and powers the other way, and self-respect ambivalent) and on the empirical assessment of the magnitude of the steady-state effects to be expected from different schemes along these various dimensions under specific social and economic circumstances.”(222) [This is not the place to compare the difference principle with Van Parijs’s leximin real freedom, which he proposes as a “different and more adequate understanding of maximin opportunities” than the difference principle (239), and as providing a less ambiguous justification for basic income.]

Keeping these thoughts in mind, our exchanges ought to be less heated, and we ought to welcome further evidence that can weigh in on one side or the other. The two pivotal philosophical issues that need to be addressed are, first, liberal neutrality, and second, the metric of real freedom. Van Parijs rejects job sharing, (as well as wage subsidies or unemployment compensation for the involuntarily unemployed) because it unfairly favors those with a taste for work over those with a taste more for leisure. Such basic income advocates are bound to be lukewarm supporters of job creation schemes—i.e., supporting them only if they are efficient, attend to public goods, etc.—because of neutrality. Advocates of ELR thus need to address the issue of liberal neutrality head-on. Is it better for people to be in paid employment than not, and, at the expense of the affordable leisure denied to those who don’t care as much about working for pay? The second issue concerns the metric of real freedom. What is the argument for basic income as the metric, as opposed to including a right to a job, and not just the value of a job, in the index?

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