

The Right to Work and Basic Income

Philip Harvey*

More for Less: The Job Guarantee Strategy

Abstract: The cost and effectiveness of a basic income guarantee and a job guarantee (combined with conventional transfer payments) are compared with respect to their ability to eliminate poverty and unemployment. It is argued that a BI guarantee provided in the form preferred by most advocates of the idea (a universal basic income grant or equivalent negative income tax) would be both more costly and less effective than a job guarantee—if the latter is properly designed to secure the right to work and income security recognized in in the Universal Declaration of Human Right. It is further argued that the job guarantee strategy configured in this way also would do more to promote the “real freedom” goals of the basic income advocacy movement.

Keywords: basic income, job guarantee, economic security

*Corresponding author: Philip Harvey, Rutgers University, Camden, NJ 07102, USA,
E-mail: pharvey@camden.rutgers.edu

Introduction

I would like to thank the Basic Income Earth Network (BIEN) and *Basic Income Studies* (BIS) for their willingness to share their “airspace” with people like myself who are critical of basic income (BI) proposals. I have attended three BIEN World Congresses and a half dozen or so annual meetings of the US Basic Income Guarantee (USBIG) Network. On each of these occasions, I have presented a paper or participated in a panel discussion in which I have criticized BI proposals and argued that a strategy of direct job creation combined with expanded transfer benefits (what I call the “Job Guarantee” or “JG” strategy) would provide a less costly and more effective means of achieving the goals of the BI advocacy movement. Nor is this present article the only one I have published in BIS on the subject (Harvey, 2006b). It is rare for advocacy organizations to be as open to challenges of their core commitments as BIEN has been in my experience. The BI advocacy movement sets a good example for us all in that regard.

At the same time, I want to tweak BI advocates for the limited attention they have paid to the challenge the JG strategy poses both to hypothetical BI

proposals and to practical policy initiatives informed by BI thinking. The vulnerability of the BI idea and BI initiatives to challenges based on the JG strategy, should come as no surprise to BI advocates. They themselves have highlighted the importance of unemployment in explaining the appeal of the BI strategy. Philippe Van Parijs, the BI movement's most influential theoretician, has described the origins of BIEN in the following terms.

The first point of departure, and the most concrete one, is that it was becoming clear that we in Europe were beginning to experience a kind of mass unemployment which could not be interpreted as conjunctural or cyclical in nature but which rather resulted from central features of our socio-economic system. The preferred remedy for unemployment at the time (and a number of years afterwards) was growth. But, along with a number of other more or less Green-oriented people on the left, I felt that this could not be the right solution. So the pro-growth consensus or grand coalition of the left and right had to be broken by providing a solution to the unemployment problem that would not rely on a mad dash for growth. (Van Parijs, 1996, p. 5)

The BIEN website similarly attributes much of the popularity of the BI idea to the presumed intractability of the unemployment problem facing market economies.

Liberty and equality, efficiency and community, common ownership of the Earth and equal sharing in the benefits of technical progress, the flexibility of the labour market and the dignity of the poor, the fight against inhumane working conditions, against the desertification of the countryside and against interregional inequalities, the viability of cooperatives and the promotion of adult education, autonomy from bosses, husbands and bureaucrats, have all been invoked in its favour.

But it is the inability to tackle unemployment with conventional means that has led in the last decade or so to the idea being taken seriously throughout Europe by a growing number of scholars and organizations. Social policy and economic policy can no longer be conceived separately, and basic income is increasingly viewed as the only viable way of reconciling two of their respective central objectives: poverty relief and full employment. (BIEN, 2012)

Given the importance of the supposedly unique ability of a BI guarantee to solve the linked problems of unemployment and poverty, BI scholars might be expected to go out of their way to respond to claims that another strategy provides a less costly and more effective means of achieving both of these goals. In fact, the opposite seems to be true. The BI literature is virtually devoid of careful assessments of the JG strategy,¹ and most BI advocates seem blithely unaware of the challenge it poses to their claim that no reasonable means exist to achieve full employment in a market economy (*see, e.g.,* Offe, 2008; Ekstrand & Wallmon, 2008; Evans, 2008; Liebermann, 2008; Madrigal & Perez, 2008).

¹ For exceptions to this rule, see Lo Vuolo (2008); Tomlinson (2008).

With all due respect to the right of scholars to define the issues they choose to address, I think BI scholars should feel embarrassed by bald assertions such as the one quoted above that a BI guarantee provides “the only viable way of reconciling ... poverty relief and full employment.” Maybe it’s true, but saying it doesn’t make it so, and BI advocates who advance or rely on such claims should feel bound to explain why the JG strategy would not work. In an effort to elicit such a response, I shall use this opportunity to summarize the arguments favouring the JG strategy that I believe BI advocates have ignored.

Different versions of the JG strategy have been proposed (Harvey, 1989, 2000a, 2008; Mitchell & Watts, 1997; Wray, 1998). The common feature of all of them is the use of direct job creation by government to guarantee paid employment to all job seekers, accompanied by a guarantee of adequate income support for everyone who is either unable or not expected to work via disability pensions, paid sick leave, retirement pensions, etc. There also is general agreement that the strategy’s goal should be to eliminate poverty completely. The differences among proposals concern the wages the job creation program should pay, the best way to fund the initiative and how it should be structured to control inflationary tendencies (Harvey, 2006a, 2013).

It also should be noted that neither my criticism of BI proposals nor my preference for the JG strategy is based on philosophical objections to the provision of an unconditional BI guarantee. There may be proponents of the JG strategy who do object to the BI idea on such grounds, but I am not one of them. I believe society would be fully justified in providing its members an unconditional BI guarantee, and I agree with BI advocates that such a benefit would enhance both collective and individual well-being. In other words, my criticism of BI proposals is *not* based on the kind of concerns that most BI advocates have chosen to address in their defences of the idea. Instead, my criticism is based on practical and prudential considerations – the fact that the BI strategy would cost far more than the JG strategy while providing inferior protection for the right to work and income security recognized in the Universal Declaration of Human Rights (see Box 1).

BOX 1 The Universal Declaration of Human Rights

Article 22

Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

BOX 1 (Continued)**Article 23**

- (1) Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
- (2) Everyone, without any discrimination, has the right to equal pay for equal work.
- (3) Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.
- (4) Everyone has the right to form and to join trade unions for the protection of his interests.

Article 24

Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.

Article 25

- (1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

The relative cost of the BI and JG strategies

Although an unconditional BI guarantee could be structured in many different ways and could be funded at varying levels of generosity, the type of benefit contemplated in most discussions of the strategy has three main features. It is (1) universal, (2) individual and (3) set at a level sufficient to support a minimally adequate standard of living. The first two features (the universal and individual character of the guarantee) are necessary to secure the administrative advantages and lack of perverse incentives claimed on its behalf. The third feature (specifying a benefit level at or above the poverty threshold) is necessary to secure the anti-poverty and freedom-enhancing benefits attributed to the strategy.

Charles Clark has estimated that a BI guarantee possessing these three features and delivered in the form of a universal grant would have cost \$1.98 trillion in the United States in 1999 (Clark, 2003, p. 150). I have elsewhere

estimated that the same program would have cost \$2.23 trillion in 2002 and that a Negative Income Tax (NIT) configured to achieve the same net redistribution of income would have cost \$1.09 trillion the same year. The latter figure also equals what some BI advocates would describe as the “net cost” of the universal grant system Clark modelled (Harvey, 2006b). Updating these estimates using 2011 data, results in a cost estimate for Clark’s universal BI grant of \$2.87 trillion and \$1.40 trillion for its NIT equivalent.

How does this compare to the cost of the JG strategy? Using an updated version of a JG model I developed in the 1980s (Harvey, 1989, 2011a, 2011b), I have estimated the budgeted cost of implementing the JG strategy in the United States at \$627 billion in 2011 for the job-creation component of the strategy plus approximately \$70 billion in increased transfer benefit payments.

The program I modelled was designed to fully secure both the right to work and the right to a decent standard of living recognized in Universal Declaration of Human Rights. It would have employed 15.7 million people on average during 2011 – an estimate of the number of additional jobs needed that year to provide employment to all job-seekers in the United States. My estimate assumes that the needed jobs would have been created in updated and upgraded versions of the direct job creation programs operated in the United States by the New Deal administration of President Franklin D. Roosevelt between 1935 and 1940 – namely, the Works Progress Administration (WPA), the Civilian Conservation Corps (CCC) and the National Youth Administration (NYA). I assumed that the jobs created in these programs would have paid market wages averaging just under \$27,000 per year.² Also, because market wages would not have supported an adequate standard of living for all workers, I further assumed that the federal government would have provided enough cash and in-kind wage supplements to guarantee all workers a so-called “living wage” – whether they were employed in the jobs program, in regular public sector jobs or in private sector jobs.

The living wage standard I adopted for purposes of my estimate was the Family Economic Self Sufficiency (FESS) standard developed by Wider Opportunities for Women (WOW) to provide realistic estimates of the minimum total income needs of working families of various sizes and compositions based on the actual cost of living where they reside (Pearce, 2008). The wage supplements I assumed the government would provide included (1) health insurance benefits equivalent to those provided to federal government employees, (2) subsidized child care provided

² This does not mean that all of the jobs would pay the average wage. The average wage in my model is simply an estimate of the mean wage persons employed in the program would have received if they were paid wages equal to what similarly experienced and qualified individuals received as new hires in regular private and public sector jobs.

by the jobs program as one of its projects, (3) Section VIII housing vouchers (a program that guarantees decent housing to participants at a cost that does not exceed 30% of their adjusted income), (4) SNAP benefits (a debit card food subsidy program) and (5) an expanded Earned Income Tax Credit (a form of NIT). I assumed that all five of these benefits would be provided on an entitlement basis to all eligible households, with adjustments in benefit levels to the extent necessary to insuring that all families would achieve the standard of living embodied in WOW's FESS measure.

Finally, I assumed that the benefits provided by these programs and by programs that provide income support to persons who are unable or not expected to be self-supporting would also be expanded to ensure them the same FESS norm.

As indicated above, the budgeted cost of this strategy would have totalled approximately \$627 billion in 2011 for the job-creation component of the initiative, plus \$70 billion in additional spending on transfer programs (over and above existing expenditures levels for the programs in question). However, for purposes of comparison with the cost of the BI grant program modelled by Clark (or its NIT equivalent), the income and payroll taxes levied on the wages of jobs program participants should be subtracted from this figure. The reason for this is that the BI benefit Clark modelled would be tax free whereas the JG program I modelled assumes that the jobs created by the program would be treated the same as any other employment for tax purposes. The budgeted cost of the jobs program, net of these income and payroll taxes, would have totalled \$485 billion instead of \$627 billion.

Compare this figure to the \$2.87 trillion cost of the universal BI grant system Clark modelled or the \$1.40 trillion cost of an equivalent NIT, and it is apparent that the cost advantage of the JG strategy is staggering. The universal BI grant system would have cost \$2.39 trillion more than the JG strategy and \$915 billion more than an equivalent NIT.

Moreover, these figures actually understate the cost advantage of the JG strategy over time. One reason for this is the cost of the BI strategy would not be significantly affected by the business cycle, whereas the cost of the JG strategy would vary dramatically as unemployment levels rose and fell. The strategy would have cost far more in 2011 (when the US unemployment rate averaged 8.9%) than it would, on average, over the entire course of the business cycle. Another reason is that the JG strategy would have a strong anti-cyclical effect on the economy, thereby reducing long-term average rates of unemployment (Harvey 2011a, 2011b). Finally, my cost estimates assume that the goods and services produced by a JG program would be distributed for free rather than sold. If any part of the program's output was sold, even if at deeply discounted

prices, it would reduce the level of funding needed to pay for the program. If these cost-reducing factors are taken into consideration, it is possible the JG strategy would actually end up saving taxpayers money rather than requiring them to dig deeper into their pockets.

The surprisingly large cost advantage of the JG strategy compared to the BI strategy is something BI advocates have simply failed (one might say refused) to address. They have argued that less expensive BI guarantees could be provided as a step towards a full BI guarantee. They also have argued that there are funding mechanisms available that would reduce the felt burden of paying for a BI guarantee. But, neither of these arguments addresses the cost advantage of the JG strategy, since the same possibilities would exist for it as well. It's time for BI advocates to address the challenge posed by the apparently overwhelming fiscal advantage of the JG strategy – either by refuting the analysis on which my cost comparison is based or by explaining why the BI strategy is worth its much higher cost.

The relative effectiveness of the BI and JG strategies

The high cost of the BI strategy might not count against it, if it delivered proportionally greater benefits than the JG strategy, or if the latter suffered from a disqualifying normative defect. I have argued, however, that the opposite is true. The JG strategy would provide a more extensive and robust set of welfare-enhancing benefits than the BI strategy, and its grounding on international human rights standards gives it a normative foundation that is both more robust than that of the BI strategy and possesses a pre-emptive quality in policy debate that the BI strategy's normative claims lack (Harvey, 2005, 2008).³

Because I have detailed my argument on these points elsewhere, I will limit my comments here to the claim – cited at the beginning of this article – that “basic income is ... the only viable way of reconciling ... poverty relief and full employment” (BIEN, 2012). Why focus on this particular claim? Because, as the BIEN website notes, it has been the primary source of the BI idea's growing popularity in recent decades – the reason it has been “taken seriously ... by a growing number of scholars and organizations” (ibid.). To be perfectly clear, I am not suggesting that this claim is perceived as the most important feature of

³ Copies of these two articles can be accessed at www.philipharvey.info

the BI strategy by all of its supporters. Its freedom-enhancing attributes may be more decisive in winning the support of libertarians on both the left and the right. My point is simply that the current popularity of the BI idea rests largely on its appeal as a possible solution to the problems of unemployment and poverty rather than its libertarian credentials.

Remedying the problem of poverty

My discussion of the relative cost of the BI and JG strategies plainly shows the latter's superiority in addressing the material aspects of the poverty problem. Simply stated, the JG strategy would guarantee a higher standard of living than a BI guarantee, and it would do so at far lower cost to the government. How then could a BI guarantee provide superior anti-poverty protection? This question is answered by criticism BI advocates have directed at "workfare" and/or conventional conceptions of the right to work (Van Parijs, 1995, pp. 125–126; Weiderquist & Lewis, 1997; Kildal, 1998; Alstott, 1999; Standing, 2002, pp. 247–255; Noguera & Raventos, 2002; Perez, 2004; Handler, 2004). The gist of this criticism is that the non-pecuniary value of the income guarantee furnished by the JG strategy would be so diminished by its reliance on means-tested transfer benefits and its enforcement of an obligation to work on program participants that it should be deemed normatively unacceptable.

The problem with this criticism is that it is based almost entirely on the way means-tested public assistance programs treat able-bodied but jobless working-age adults. For simplicity, I shall refer to this group as "Jobless Adults."

What BI advocates generally ignore is that other recipients of means-tested public aid rarely suffer the indignities and stigma that Jobless Adults do. The means-tested public aid made available to low-wage workers or to persons who are not expected to be self-supporting tends to be more generous than the aid provided Jobless Adults, and it usually is provided without the indignities and stigmatization associated with the treatment of Jobless Adults by public assistance authorities.

In the United States these contrasts are exemplified by differences between the Temporary Assistance for Needy Families (TANF) program and programs such as Supplemental Security Income (SSI), Foster Care benefits and the Earned Income Tax Credit (EITC). TANF is the only significant source of cash public assistance for Jobless Adults in the United States, and within that population, TANF provides benefits only to the adult caretakers of dependent children. It is the program (along with its predecessor, the Aid to Families with Dependent Children (AFDC) program) that people have in mind when they refer to

“welfare” or to “workfare” in the United States. Deeply rooted in the punitive Anglo-American poor law tradition, both historically and philosophically (Harvey, 1999), AFDC and TANF are entirely proper targets of all the criticism that BI advocates direct at “conditionality” and “work requirements.” But, despite the attention and controversy these programs have attracted during the past several decades – and the symbolic role they have served in policy debates about “welfare reform” – AFDC and its successor TANF have always comprised a small and exceptional part of the means-tested portion of the American welfare state.

Most means-tested public aid is provided either to low-wage workers or to persons who are either incapable of working or are not expected to support themselves via wage employment. The SSI program provides means-tested cash assistance to the elderly and disabled poor. The EITC is a negative income tax that subsidizes the earnings of low-wage workers. The Foster Care program provides cash subsidies to families that provide temporary homes for children who are wards of the state. These programs are rarely controversial; they neither demean nor stigmatize their recipient population; and they provide more generous benefits than programs that serve Jobless Adults.⁴ In 2003, a single SSI recipient living alone received a monthly payment that was 40% higher than the maximum TANF benefit paid to a family of three in the median state in the United States. Similarly, in 1996, the Foster Care subsidy provided to families that cared for two foster children was 87% higher than the maximum TANF benefit paid to a two-child family of three in the median state.

Means-tested public aid programs clearly can be designed and administered in a way that does not demean and stigmatize their recipient populations. Means testing isn’t the problem. It’s never fun to disclose personal financial information, but it is a normal and expected part of life in a developed market economy. We do it whenever we apply for credit or complete an income tax return. The exercise is demeaning and stigmatizing only when it is administered in a way that (usually with intent) produces that effect. Public assistance programs that provide aid to Jobless Adults are stigmatizing not because they are means-tested

⁴ Food stamps, now renamed the Supplemental Nutritional Assistance Program (SNAP), presents a mixed case, since it provides near-cash benefits to all categories of public aid recipients (as well as persons for whom SNAP benefits are the only transfer benefits they receive). Because of its historic association with AFDC, the Food Stamp program shared a good deal of the former’s stigma, but more recently the federal government has undertaken a deliberate and reasonably successful campaign to de-stigmatize the program. The name change was part of this campaign, along with the replacement of food stamp coupons (which called attention to recipients when they made food purchases) with a debit card system that allows recipients to spend their benefits invisibly.

or impose conditions on the receipt of aid, but because they are designed to stigmatize the receipt of public aid by such persons. This has always been a primary goal of such programs – a strategy designed to deter Jobless Adults from applying for public aid and if they are granted such aid, to drive them to seek and accept whatever paid employment is available as quickly as possible (Harvey, 1999).

But, the only reason there are significant numbers of Jobless Adults who need public aid in market societies is because of the endemic job shortage that exists in those societies (Harvey, 2000b, pp. 699–748, 2007). If jobs were guaranteed for everyone who wanted wage employment, along with a full array of the support services workers need (such as child care), the population of persons needing means-tested transfer benefits would be limited almost entirely to persons whose receipt of such assistance is neither controversial nor stigmatizing. Nor would progressives need to worry about applicants for public aid being erroneously denied benefits, because the consequences of erroneous decisions would no longer be so dire. Rather than abandoning rejected applicants to their own devices, they would be guaranteed decent paid employment along with whatever support services they needed to succeed as members of the labour force. Even persons who could qualify for full disability pensions might prefer a guaranteed job under these circumstances – and the obligation placed on governments to secure the right to work for all persons would dictate that an appropriate job be furnished to such persons even if the accommodations required to do so would cost more than the disability pension. As this example illustrates, eligibility determinations also wouldn't matter as much to conservatives. If the only question to be decided is whether a particular individual should be deemed eligible for a transfer benefit or instead offered a government-funded job, conservatives might prefer the cash aid option because it generally is cheaper on an individual basis.⁵

But, wouldn't the JG strategy still impose an obligation to work on Jobless Adults by insisting that they take a job to support themselves? The answer to this question is that it need not. It is true that international human rights law – the normative foundation of the JG strategy – does not recognize the right of Jobless Adults to income support except via their right to a decent job; but this body of law also poses no objections to society granting such a right to its

⁵ This is exactly what happened in the winter of 1933–1934 when it became clear that the Roosevelt administration intended to fund genuine jobs for the unemployed rather than simply require them to perform labor as a deterrent to their seeking public aid. Conservatives quickly abandoned their historic preference for work requirements and began to express support for “direct relief” (providing cash aid without a work requirement) on the grounds that it would be cheaper than the work relief program being organized by the Roosevelt administration.

members if it chooses to do so. In other words, the right to work is not accompanied by a duty to work in international human rights law (Harvey, 2005). Proposals to link the two were made and expressly rejected in drafting the Universal Declaration of Human Rights (Morsink, 1999, pp. 157–190).

Given the relatively modest cost of the JG strategy, some form of BI guarantee could be incorporated quite easily into it – though not necessarily in the form favoured by BI advocates. As noted above, a universal BI grant or equivalent NIT would be very costly to provide, and that cost would be hard to justify in light of the small additional benefit a BI guarantee would add to securing the right to work and income using the JG strategy. I personally would support the adoption, along with the JG strategy, of a means-tested BI benefit calculated on a household rather than individual basis (Harvey, 2005, pp. 13–15; 2008, pp. 196–197). I agree with BI advocates that it would be freedom enhancing and provide support for individuals who wanted to engage in useful activities that fell beyond the purview of a JG program. I also agree that the existence of such a benefit would make it easier to administer both means-tested and non-means-tested disability pensions, since less would ride on evaluations of an applicant’s disability (see Harvey, 2008, pp. 193–197).

On the other hand, I view the adoption of the JG strategy as a far more important goal and would be willing to wait until the strategy was well established to introduce the kind of BI guarantee described above. Even from the perspective of a left libertarian seeking to maximize “real freedom”, I believe the JG strategy offers more than the BI strategy. It would guarantee everyone the opportunity to work in a decent job – selected from a reasonable number of options based on one’s own interests, skills and personal development goals – combined with a promise of income support (equivalent to that provided by a decent job) to persons who are either unable or not expected to work. That, I believe, would do far more to expand the real freedom of individuals now condemned to live in poverty than a BI guarantee that would secure nothing beyond an existence on the threshold of poverty.

Remedying the problem of unemployment

The claim that a BI guarantee would furnish a remedy for the problem of unemployment is based on the belief that it would provide an adequate or even superior replacement for wage-paying jobs, and thereby more fully secure the right to work, than the achievement of full employment in the conventional sense. This argument has two legs. The first is a challenge to the equation of work with waged employment.

The right to work cannot be synonymous with the right to employment or to an occupation with remuneration. In the past they were synonymous because in conditions of full employment, this was the way to achieve social integration. Today conditions have changed and the right should be redefined as the right to engage in a non-alienating activity that allows the person to develop and integrate in society regardless of whether or not the market values the activity. (Perez, 2004, pp. 247–248; see, also, Van Parijs, 1995, p. 126; and Standing, 2002, pp. 255–261).

The second leg of the argument consists of the claim that a BI guarantee would provide an adequate substitute for wage employment by permitting Jobless Adults to pursue non-waged work. In this way, the right to work would be secured and the problem of unemployment would be solved without closing the economy's job gap.

I have no quarrel with the first leg of this argument – provided it is understood that there are a variety of ways in which adequate levels of support can be provided to persons who engage in non-waged work. The problem lies with the second leg of the argument – the claim that a BI guarantee would adequately compensate Jobless Adults for engaging in non-waged work.

Consider two workers (Jane and John Doe) living in a world with a universal BI grant in place. Both are employed and receive their BI grant in addition to their wages. Then, Jane is laid off and suffers involuntary unemployment accompanied by a loss of the wage income her former job provided. Her BI grant saves her from falling into poverty, but she suffers a dramatic loss in income – perhaps a half or three quarters of her prior income.

Does Jane's BI grant compensate her for her lost wage income? No, because she received the same BI grant before she lost her job, and it doesn't replace a penny of her lost wage income. She is now free, of course, to undertake non-waged work during the hours she formerly spend at her wage paying job, but does her BI grant compensates her for that work? Once again the answer is no because she received exactly the same BI grant before she took up this work, devoting the hours in question to her former wage-paying job. The same point is driven home by the fact that John receives the same BI grant that Jane does even though he spends all of his working time at his wage-paying job – for which, unlike Jane, he is compensated with the wage he receives over and above his BI grant. In other words, Jane's BI grant does nothing to compensate her for the job she has lost or for the non-waged work she now performs instead of her former wage-paying work. What Jane needs to compensate her for her lost job is another comparable job.⁶

⁶ For a fuller exposition of this hypothetical and the analysis which follows, see Harvey (2005, pp. 36–40).

This example highlights a shortcoming of the BI strategy that flows from what BI advocates view as a strong point of the strategy – the fact that the benefit it provides is both universal and unconditional. The underappreciated consequence of this characteristic is that it renders the BI strategy incapable of compensating Jobless Adults for their lack of wage employment. The same is true of retirees. A BI grant may appear to provide the same benefit as a retirement pension of equal size, but if the grant is paid to people before as well as after they retire, it cannot perform the wage-replacement function that retirement pensions are designed to serve.

The same shortcoming limits the ability of the BI strategy to provide compensation to people who currently perform non-waged work in service to their communities or families. A BI guarantee is often cited as a way of finally recognizing the value of such work and of providing compensation to those who perform it. To assess this claim, change my hypothetical above so the reason Jane leaves her job is to care for a sick relative or to work in a soup kitchen instead of being laid off. While her BI guarantee may make it easier for her to take this step, it provides no more compensation for her non-waged work than it would if she had been laid off. The fact remains that she is receiving the same BI grant she received before she left her job, but nothing to replace the wage she has sacrificed when she resigned.

It's possible, of course, that Jane will derive enough non-monetary satisfaction from her new work to fully compensate her for the wage she has sacrificed. People often make that choice in deciding to leave the paid work force. The point is not that Jane is necessarily worse off because she has chosen to devote herself to non-waged work without receiving any monetary compensation for it. The point is simply that a universal BI grant or equivalent NIT cannot legitimately be claimed to fill that gap – to function, in effect, as a substitute wage. What Jane would need to provide such compensation is a new source of income to replace what she lost by resigning from her job. Her BI grant cannot perform that function precisely because of its universal and unconditional character.

This also illustrates why a BI guarantee would not give low-wage workers as much bargaining power as some BI advocates assume it would (see, e.g., Standing, 2002, p. 259). If Jane and John were low-wage workers, their BI grants would make it easier for them to leave a dangerous or demeaning job, but their BI grant would not replace any of the wages they would lose by doing so. And, since they probably would be living from pay check to pay check, as most low-wage workers do, their ability to apply pressure on their employer by threatening to quit would lack credibility. What they need to secure decent working conditions is not a BI guarantee, but the availability

of other jobs with decent working conditions. Then, their threat to leave would carry weight.

The superiority of the JG strategy in providing a remedy for both unemployment and substandard work is clear. It would guarantee laid-off workers a job roughly equivalent to the one they lost. The need to identify useful work that otherwise unemployed workers could perform in a JG program would create opportunities to turn unpaid community service work into paid community service work. It also would achieve a better balance of bargaining power between employers and employees without regard to the size or character of the employer's business. The transfer benefit portion of the JG strategy would also provide a mechanism for recognizing a growing number of circumstances (e.g., pregnancy leaves, parenting leaves, elder care leaves, community service leaves, self-improvement sabbaticals, or even surfing sabbaticals) in which government support for wage-replacing compensation could be provided. The irony is that if provided in the form preferred by most BI advocates – that is, a universal grant or equivalent NIT – a BI guarantee would be inherently incapable of matching these benefits.

Conclusion

In conclusion, I want to emphasize once again that my criticism of the BI strategy does not mean I think a BI benefit would be worthless. If it were offered in the form I have suggested – a means-tested household benefit – it would provide an affordable and useful addition to the more robust set of benefits the JG strategy would secure. My criticism of the BI strategy is directed only at its cost (in the form favoured by most BI advocates), and at claims that such a guarantee would provide an adequate substitute for securing the right to work as it is conventionally defined. The JG strategy would achieve far more at much lower cost.

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