Basic income, decommodification and the welfare state

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Abstract
According to Philippe Van Parijs, the superiority of an unconditional basic income (UBI) over conventional means-tested liberal welfare state programs lies in its decommodifying potential. In this article I argue that even if a UBI was sustainable at high enough a level to lessen the extent to which an individual is forced to sell his or her labor power in the market, it would nonetheless have the adverse and simultaneous effect of forcing that individual into further market transactions to satisfy his or her most basic needs. I conclude that the relative directness with which a welfare regime responds to basic needs qualifies as a crucial dimension of decommodification, and that the conventional liberal welfare state scores rather higher along this dimension than a UBI would.

Keywords
basic income, basic needs, decommodification, liberalism, Philippe Van Parijs, welfare state

I
Philippe Van Parijs argues that the institutionalization of his unconditional basic income (UBI) scheme would constitute ‘not just a feasible structural improvement in the functioning of the welfare state... [but] a profound moral reform that belongs in the same league as the abolition of slavery or the introduction of universal suffrage’.¹ He defends this on the grounds that a basic income would provide people with what he calls the ‘real freedom’ to choose how to spend their time.² The purpose of the basic income for Van Parijs is, however, not to encourage idleness and free-riding (as liberal critics have charged), but rather to separate social entitlement from labor market participation: a UBI constitutes a profound moral reform insofar as it promises to decommodify labor.
Van Parijs’ commitment to decommodification has gone largely unacknowledged, partly as a result of his choice to couch the philosophical defense of his project in terms of its ability to secure real freedom and state neutrality. In the first part of this article I therefore attempt to situate his view within a social welfare tradition that takes decommodification as a central goal. I go on to show, however, that even if a UBI succeeded in decommodifying labor, it would nonetheless have the adverse effect of commodifying the basic needs presently satisfied directly by the conventional liberal welfare state. On this basis I conclude that a UBI cannot be expected to provide the kind of radical moral reform of the welfare state that Van Parijs envisions.

II

Van Parijs’ proposal entails the transfer of a minimum income to all members of society regardless of their willingness to work, no matter whom they live with, or whether they are rich or poor.\textsuperscript{3} He defends this proposal on the grounds that an unconditional income would provide people with the freedom to choose not only what to buy but how to spend their time, and hence with the opportunity to do whatever it is they might want to do with their life. He argues that even Malibu surfers should be entitled to the basic income to pursue their particular lifestyle, despite the fact that they are perfectly able to contribute productively to the economy and pay taxes to the state from which they obtain support.\textsuperscript{4} In response to this claim he has encountered the following challenge:

In granting a basic income that is not conditioned on the willingness of the able to work, the UBI promotes freedom without responsibility, and thereby both offends and undermines the ideal of social obligation that undergirds the [liberal] welfare state. A UBI would not only inspire a segment of the able population – largely young, healthy, unattached adults – to abjure work for a life of idle fun. It would also depress the willingness to produce and pay taxes of those who resent having to support them. . . . The social insurance programs that form the foundation of modern welfare states constitute the terms of a great social contract. Like any insurance, they purchase a right to provision from others conditional on a willingness to provide for others, if one is able. . . . The contract is thus sustained and legitimated only by a recognition on the part of the able of an obligation to work and provide for the dependent and those who care for them. It is hard to see how such a contract can be sustained by a system that advertises as one of its virtues that it would free the able to live in idleness.\textsuperscript{5}

This criticism stems from the liberal view that, insofar as society constitutes a cooperative venture for mutual advantage, the benefits of cooperation should be reserved for those who participate in this venture, or at least for those who are willing, if unable, to do so.

What this critique of Van Parijs’ project misses, however, is that while he tries (apparently unsuccessfully) to make his view palatable to liberal theorists by appealing to the concepts of freedom and neutrality, he does not attempt to offer justificatory grounds for the liberal welfare state. Indeed, on his view, liberal schemes are eminently unfair, not simply because of their limited and conditional nature, but because they make social
entitlement entirely dependent on a citizen’s willingness to participate in the capitalist market economy. Van Parijs criticizes John Rawls, for example, for restricting membership in the worst-off group to the working poor by including leisure time among the primary goods (calculated as 24 hours minus a standard working day). On Rawls’ scheme, the more leisure time one has, the higher the index of primary goods one can be said to hold; someone who does not work a standard working day (for whatever reason) will not qualify as among the worst-off and will thus be ineligible for welfare benefits. In a similar critique of Ronald Dworkin’s scheme, Van Parijs argues that since the choice not to work could be understood as precisely that – a choice (as opposed to a circumstance) – any shortfalls suffered as a result of this choice would have to be borne by the individual alone.\(^6\)

Unlike liberal theorists such as Rawls and Dworkin, Van Parijs is clearly not concerned to justify welfare programs reserved for those unable rather than unwilling to work, but rather to ensure that all those who choose not to work, or are constrained by a lifestyle that does not include (well-paid) wage-labor, are provided with genuine alternatives they would not otherwise have under a capitalist economic system. And the liberal criticism that his scheme permits and encourages young, healthy, unattached adults to abjure productive work for a life of idle fun has somewhat less bite when we consider the extent to which a basic income might be particularly beneficial, not so much to Malibu surfers, but to students, single mothers and artists, who would no longer be required to support themselves by taking jobs that would prevent them from pursuing the very lifestyles they were seeking to support, and to the working poor, who would no longer be forced to take the most menial, alienating and exploitative of jobs simply to survive.

The foundational idea of the basic income, for Van Parijs, is thus not to encourage idleness and free-riding, but to separate social entitlement from labor market participation, and to ensure that social freedom is not conditional on the individual’s willingness to sell her or his labor power like any other marketable commodity. His defense of a UBI, he states, reflects ‘a key component of the old critique of capitalism by “scientific” and “utopian” socialism alike: the revolt against proletarian subjection to the wage relationship, and hence to the capitalists’ rule’.\(^7\) The institutionalization of a UBI would thus constitute a profound moral reform, for Van Parijs, not because it realizes the liberal ideal of reciprocity, but because it liberates individuals from market dependency and thereby decommodifies labor.

As Gosta Esping-Andersen explains it, decommodification occurs when a service is rendered as a matter of right, and when a person can maintain a livelihood without reliance on the market.\(^8\) In The Three Worlds of Welfare Capitalism, Esping-Andersen illuminates the distinction between the liberal and the social democratic welfare traditions and argues that, while we find in all advanced capitalist economies various welfare regimes committed to securing some baseline degree of welfare for all citizens, liberal and social democratic welfare states do this in radically different ways according to their respective conceptions of the appropriate relationship between the market and the state.\(^9\) The social democratic welfare tradition, Esping-Andersen argues, has as a primary goal the decommodification of labor. It is clear that Van Parijs’ understanding of the appropriate relationship of the market and the state is most closely aligned not with that of the
liberal tradition but with that of the social democratic tradition, informed as it is by this commitment to decommodification.

As Esping-Andersen sees it, the general assumption in liberalism is that a free market upholds the ideals of freedom and enterprise: when not interfered with, it ensures that everyone who wants a job gets one, and thus enables individuals to secure their own welfare. Traditionally, he claims, liberals held that while poverty and helplessness were not unlikely to occur, this was not a fault of the system, but of an individual’s own lack of foresight or thrift. One weakness of this view, however, is that it assumes all individuals to be capable of full market participation, which is clearly not the case. Those unable to participate in the market (the aged or disabled) are forced into family dependency, which in turn constrains the family members’ capacity for market participation. Esping-Andersen contends that liberals recognized in this a rationale for social intervention: just as an empire is difficult to maintain without an army of healthy soldiers, a market system is unsustainable without able participants.\(^\text{10}\) The liberal state thus instituted a framework of modest means-tested social assistance, reserved for those unable to participate in the market anyhow. In this way, ‘the extension of unconditional social rights was avoided, and government largesse was limited to the certifiably needy and would not induce workers to choose welfare instead of work’.\(^\text{11}\)

Esping-Andersen’s depiction of the liberal welfare state is somewhat uncharitable. It is simply not the case that liberal welfare programs extend only to the truly needy (consider public education, or national health care in Canada, Great Britain and Australia); nor is it obvious that the exclusive purpose of such programs is to ensure able market participation (rather than to realize a commitment to reciprocity, say). Nevertheless, Esping-Andersen argues that the social democratic welfare regime, informed as it is by the logic of socialist social policy, can be differentiated from its liberal counterpart because, rather than tolerate a dualism between state and market, it aims to promote an equality of a higher standard.\(^\text{12}\) In a socialist perspective, ‘commodification is the condition under which workers abandon control over their work in return for wages; the condition under which their dependence on the market is affirmed’.\(^\text{13}\) Esping-Andersen argues that social democratic welfare states have two aims:

First, the extension of rights beyond the narrow terrain of absolute need; and second, the upgrading of benefits to match normal earnings and average living standards in the nation. In reference to the former what matters are schemes that permit employees to be paid while pursuing activities other than working, be they child-rearing, family responsibilities, re-education, organizational activities, or even leisure. Such programs are, in spirit, truly decommodifying.\(^\text{14}\)

Esping-Andersen acknowledges that both liberal and social democratic welfare regimes can be more or less decommodifying depending on how they score along a specific set of decommodification dimensions. The first relates to eligibility rules and restrictions on entitlements. A welfare scheme will have greater decommodification potential if access is easy, and if rights to an adequate standard of living are guaranteed regardless of previous employment record, performance, needs-test, or financial contribution. The second
has to do with the level of benefits, because if they are inadequate to provide for a standard of living deemed acceptable in a given society, this will have the effect of driving recipients back to work as soon as possible. Finally, the third dimension relates to the range, or breadth, of entitlements.\(^\text{15}\)

Esping-Andersen argues that all ‘advanced capitalist societies recognize some form of social right to protection against the basic social risks: unemployment, disability, sickness and old age. A highly advanced case would be where a social wage is paid to citizens regardless of cause. The idea of a \textit{de facto} guaranteed citizens’ wage \ldots comes close to this scenario.’\(^\text{16}\) The virtues of a UBI, according to Van Parijs, are that access is easy and unconditional, the level of the income is meant to coincide with the lowest liveable wage for a given society, and the breadth of entitlement is meant to protect against all social risk – coinciding precisely with the decommodification criteria Esping-Andersen claims are central to the aims of social democracy.\(^\text{17}\) A basic income thus promises to realize the ambitions of the social democratic welfare tradition, and in this regard might indeed be said to mark a profound moral reform of the conventional liberal welfare state. But what remains to be seen is whether a UBI, as Van Parijs envisions it, would actually live up to this promise.

\section*{III}

The genuine potential of a UBI to decommodify the individual’s labor power depends almost entirely on the level at which it is set. Despite his own sympathies towards a citizens’ wage, Esping-Andersen acknowledges this problem:

\begin{quote}
The Beveridge-type citizens’ benefit may, at first glance, appear the most decommodifying. It offers a basic, equal benefit to all, irrespective of prior earnings, contributions, or performance. It may indeed be a more solidaristic system, but not necessarily decommodifying, since only rarely have such schemes been able to offer benefits of such a standard that they provide recipients with a genuine [alternative] to working.\(^\text{18}\)
\end{quote}

Because of the need to maintain incentives, the minimum income may not prove all that decommodifying. As Van Parijs himself attests, the income would have to be set at a level that nonetheless motivates people to work, because otherwise production would decrease, driving the income down, possibly to zero.\(^\text{19}\) It is unlikely that the income could be sustainable if it were high enough to constitute a real alternative to working, and it would therefore have the undesirable effect, as Esping-Andersen puts it, of driving people back to work as soon as possible. This seems a devastating result for Van Parijs’ project, which supposedly constitutes a profound moral reform on the grounds that it liberates individuals from wage-labor.

The problem can be put another way. Van Parijs states that:

\begin{quote}
The expression ‘basic income’ is meant here to convey both the notion that it is granted by virtue of an unconditional entitlement \ldots It is \textit{not}, however, meant to suggest a link with so-called basic needs. \ldots A basic income can in principle fall short of the level deemed sufficient to cover basic needs.\(^\text{20}\)
\end{quote}
If the income did not cover the costs of people’s most fundamental necessities, they could hardly be described as really free in the material sense to pursue any life-plans whatsoever on the basis of the income alone. Rather, they would in effect be forced to engage in the very wage-labor from which the income is meant to free them simply to satisfy their basic needs. It is extremely difficult to imagine how an income that did not allow for the satisfaction of basic needs, at the very least, could possibly emancipate individuals from wage-labor and thereby be defended on the basis of its decommodifying effects.

Of course, Van Parijs does not say that the income must be inadequate to cover basic needs, he merely insists that it must be sustainable. Given the level of economic prosperity and the productive capabilities of a given society, this may mean that the income will in fact prove sufficient to cover basic needs. And many people might be satisfied with an income that enabled them to meet their needs while pursuing projects of interest to them (projects that do not require additional financing – like surfing, say). Let us therefore suppose that there is some sustainable level at which the income would be sufficient to cover basic needs, such that citizens would not be obliged (although many may still choose) to engage in wage-labor. In short, let us assume that the basic income would succeed in freeing the individual from wage-labor dependency. Might we, under such circumstances, concede that an unconditional basic income constitutes a profound moral reform on the basis of its decommodifying effects? Unfortunately, I think not. The fact that the income would be issued entirely in the form of a flat cash transfer means that it would effectively reinforce market dependency by making it necessary for citizens to enter the market in order to satisfy their basic needs.

According to Van Parijs, a UBI must be provided in the form of a monthly (or annual) cash transfer, rather than directly in the form of in-kind goods or social services. Simply put, he argues, cash does not presume homogeneous desires, but can be exchanged for any number of diverse goods; and thus, ‘with a market economy in place, a concern with maximum individual freedom generates a presumption in favor of cash’.

He does acknowledge that certain social goods would have to be provided for prior to the distribution of the grant on the basis of their salutary effects on security, productivity and opportunity: a police force, a legal system, an education system and some general infrastructure. He insists, however, that the basic income itself must be issued in the form of a cash grant with which its recipients would be expected to satisfy their own specific needs and wants. Even the goods and services that everyone could presumably be said to require, such as food, shelter and health care, must be purchased by individuals out of their grant, because, he claims,

no one in her right mind would not want to buy them out of her income were she given the whole of it in cash [and in light of] the variation in both the nature of what the members of a society such as ours actually want in these areas, and in the amounts they are willing to spend on it, the ... presumption in favor of cash remains unshaken.

Van Parijs’ discussion of health care on his basic income scheme is particularly illuminating. He claims that:

Some aspects of health care can plausibly be [justified by appeal to civil productivity] – for example, vaccination against infectious diseases and any other items whose free provision...
Van Parijs is not arguing that a portion of the income should be provided directly in the form of health benefits, but rather that the level of the income might justifiably be undercut in order to fund a very limited range of public health provisions. His point is that productivity depends on certain health care essentials, the provision of which could therefore be justified on the same grounds as education and general infrastructure, not that real freedom, which justifies the income itself, depends in any way on guaranteed access to health care. Apart from vaccinations against infectious diseases, therefore, the state is to have no hand in dictating whether, or how much, individuals should spend on their health. Individuals are assumed to be sufficiently rational, and sufficiently risk-adverse, to spend a portion of their income on comprehensive health insurance.

This is a dangerous assumption. Nearly 50 million Americans are uninsured, and while part of the explanation may be that many do not have the money to pay for insurance, it may also be that even people in their right minds tend to discount future satisfactions in favor of immediate gratifications and thus fail to put money aside for a rainy (or sickly) day. It seems a significant affront to real freedom that persons who do tend to discount the future in this way should as a consequence see their opportunity to do whatever they might want to do significantly impaired by unforeseen illness or accident. But in light of our present discussion, it is arguably even more of an affront to a system that aims to liberate the individual from market dependency that the basic need for health should itself be so commodified.

The example of health care thus serves to illuminate the second, and arguably more troubling, reason we have to be wary of the claim that a basic income is eminently defensible on the basis of its decommodifying effects. Van Parijs argues that the basic income is to be issued entirely in cash, having been decreased by whatever amount is deemed necessary to ensure social security and productivity. The problem is that where all social entitlements are provided as part of a guaranteed minimum wage, the result is actually increased commodification, because citizens are forced to enter the market to satisfy their needs. In other words, a welfare state that meets all of its redistributive obligations through the provision of a regular cash transfer effectively reinforces market dependency by commodifying the goods and services on which citizens depend for their survival.

It is important to forestall a potential challenge at this point. I am, it would appear, raising two distinct critiques: that a sustainable basic income would fail to decommodify labor, and that a basic income paid in cash would commodify basic needs. The first pertains to an individual’s control over his or her own labor power, while the second pertains to the commodification of various important goods. The potential challenge is therefore this: Van Parijs is concerned with decommodifying the individual’s capacity for labor; have I not therefore misfired in attacking the income scheme for commodifying needs when I have already allowed (for the sake of argument, mind you) that it may well succeed, if high enough, in its more expressed aim of decommodifying labor?
This challenge can be met only if we take a closer look at the good that proponents of the social democratic welfare model typically claim will be achieved by the decommodification of labor. Decommodification is taken to be a moral good because an individual’s labor power is so integral to her or his humanity. The idea of decommodification as a moral good comes to us from Marx, who argued that our activities are governed by conscious self-creation rather than mere instinct (think of his famous example of the architect vs. the bee). For Marx, our very humanity lies in the fact that, unlike other animals, we are able to create ourselves and our societies in the process of intentionally transforming and manipulating nature through our labor. To have no control over our labor, to labor by force and without intention, is thus to be alienated from that which makes us human and so to become less than human (to become a bee rather than an architect).26

It might therefore seem that on this account the decommodification of labor would count as a primary moral good, and the decommodification of needs considerably less so. But this misses the point of Marx’s analysis. When we labor, we do so precisely for the specific purpose of meeting our basic needs. And we cannot labor – cannot intentionally design or physically produce – unless these basic needs are being met. It therefore does not stand to reason to defend the decommodification of labor on the grounds of its import to the realization of our humanity, and at the same time allow that the very purpose and precondition of our labor should be so commodified.

I also take it that part of Van Parijs’ aim is to lessen the individual’s reliance on the market, which the commodification of basic needs would only reinforce. By commodifying the various goods on which her or his survival depends, the basic income scheme might lessen the extent to which an individual’s labor is commodified, but it could not succeed in liberating her or him from market dependency, or the ‘cash-nexus’. Rather, it would reinforce her or his dependence on the market by supplanting existing welfare schemes geared to the collective and relatively direct provision of needed resources with a simple cash grant. Instead of providing these resources directly as a matter of social entitlement, a basic income scheme renders indispensable human needs into market commodities, ensuring that citizens will only be able to satisfy their various basic needs through market exchanges.

The specificity with which a welfare regime responds to basic needs therefore qualifies as a crucial dimension of decommodification, and one that both Esping-Andersen and Van Parijs overlook entirely. Where a welfare state responds to needs through the in-kind provision of specific goods or social services, rather than with a cash benefit, it liberates the recipients of these benefits from market dependency (at least to some degree) and thus arguably furthers the realization of their humanity. On this score, the liberal welfare state seems to do rather better than a basic income scheme would. In a great many instances, the liberal welfare state favors the in-kind provision of needed goods and services over cash transfers. For example, it provides such things as public housing, temporary shelter, food stamps, school means, education and health care. These provisions can quite seriously be said to lessen their recipients’ dependence on market mechanisms by meeting needs as directly as possible.

Of course, the liberal welfare state also provides cash subsidies in the form of pensions, disability insurance and unemployment insurance. These grants, however, are
intended to respond to the particular need for an income stream when it arises, rather than
to social need in general.\textsuperscript{27} They might therefore be described as targeted cash grants
rather than as generalized cash grants. And although their provision encourages market
participation, their targeted nature and the fact that they are provided in conjunction
with, rather than instead of, a number of in-kind goods and social services, makes them
part of a welfare regime that as a whole can be said to decrease the commodification of
basic needs and to limit market dependency.

The claim that the liberal welfare state opts to attend to specific needs in a more
targeted fashion should not be mistaken for the claim that it necessarily attends to all
basic needs. While the Canadian, British and Australian welfare states recognize
health as a good for which all citizens must be collectively responsible and to which
all citizens have a social entitlement, this same recognition has (at least until very
recently) been less apparent in the United States. The extent to which various liberal
welfare states decommodify basic needs is thus a matter of degree. Medicare and
Medicaid programs in the United States score rather less well on this dimension than
Canadian Medicare or the British NHS. The point, however, is that a welfare regime
that attends to specific needs in a more targeted fashion will be more successful in les-
sening an individual’s dependence on the market than one that provides him or her
with a flat cash grant.

That the liberal welfare state prefers to meet needs in a more targeted fashion might
well be explained by appeal to so-called Protestant work-ethic norms, or to what liberal
theorists call reciprocity – both of which express the idea that people should get \textit{only} and
\textit{precisely} what they deserve, rather than money from the state to do with as they see fit.
And to the extent that the liberal welfare state functions as a public insurance provider, it
might opt for the direct provision of needed goods and services and targeted cash sub-
sidies because it regards its citizens as having insured themselves against specific social
risks for which they should be specifically compensated when the need arises. Whatever
the explanation, the result is that where needs are met collectively with greater specifici-
ity, rather than indirectly through the provision of a flat cash grant, the recipients of
these benefits are spared increased market participation precisely because basic needs
are spared commodity status.

It is of course possible for a basic income to be perfectly consistent with more direct
provisions. A number of UBI supporters have attempted to show that a basic income
would be justified if and only if it was adequate to cover basic needs, and provided for
at least a portion of these needs in-kind. Richard Norman argues, for example, that a
basic income is defensible only if it is both ‘unconditional, and … sufficient to satisfy
basic needs’, and maintains that ‘the collective provision of at least certain goods in-kind
[will be] the most effective means of securing proper satisfaction for all’.\textsuperscript{28} Bill Jordan
similarly contends that such a scheme would be defensible only if it were ‘adequate to
meet needs’ and paired with ‘an equally determined policy commitment to communal
resources’.\textsuperscript{29} But what Norman and Jordan provide is not an argument for a UBI as Van
Parijs intends it, but for a generalized cash grant in addition to the various goods and ser-
vices already provided directly: a UBI in addition to, rather than as a replacement for, the
conventional liberal welfare state.
Philippe Van Parijs argues that the institutionalization of his proposed basic income scheme would mark a significant moral improvement over the conventional liberal welfare state, indeed an improvement equivalent in moral value to emancipation or suffrage. He defends this on the grounds that a UBI would decommmodify the individual’s labor power. My intent in this article was to show that, even if we accept decommmodication as commendable enough a result to render a basic income scheme morally superior to conventional welfare policy, it is unlikely that the income, as Van Parijs envisions it, could achieve this result. Even if the income were high enough to provide people with a genuine alternative to working, which in and of itself is highly questionable, a flat cash grant would have the effect of forcing people into further market exchanges to satisfy their most basic needs. To truly achieve the moral reform that social democrats like Esping-Andersen and Van Parijs aim for, not only must the individual’s labor power be decommmodified, but so too the basic needs that constitute the very purpose and pre-condition of her or his labor.

Notes
3. ibid., p. 35.
   This edition of Boston Review is devoted to a discussion of Van Parijs’ argument for a UBI and Anderson is not alone among the contributors in her critique. See also William A. Galston’s ‘What about Reciprocity?’ and Brian Barry’s ‘UBI and the Work Ethic’. Van Parijs argues in response to this discussion that a basic income would not induce people to opt for welfare instead of work, since most would want to bolster whatever they received from the state, and hence that violations of reciprocity would be minimal at best. But this response suggests that he does not envision a particularly high basic income at all – an issue that will shortly become central to my discussion.
7. Van Parijs, Real Freedom for All, p. 22.
9. ibid., p. 9.
10. ibid., p. 28.
12. ibid., p. 27.
13. ibid., p. 45.
14. ibid., p. 46.
15. ibid, pp. 46–7.
16. ibid, p. 47.
22. ibid., p. 31.
23. ibid, pp. 43–4.
24. ibid., p. 44.