

Standing Polanyi on His Head:
The Basic Income Guarantee as a Response to the Commodification of Labor

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Abstract

This paper examines the unconditional basic income (UBI) and national share of income schemes respectively of Philippe Van Parijs and Ross Zucker. It discusses the implications of each in light of an apparent tradeoff between productive advantages associated with market economies and dehumanizing disadvantages associated with commodified labor. The author's contention is that contemporary redistributive schemes such as those of Van Parijs and Zucker extol the productive virtues of market economies well beyond what both early proponents considered the ameliorating effects of commerce on human behavior and what Polanyi would consider acceptable, but that they do so, perhaps mistakenly, as a means of achieving a more egalitarian social order of which Polanyi would in all likelihood approve, if such economies functioned as portrayed and such schemes were implemented properly.

Key Words: Basic income guarantee, commodified labor, economic security, market economies, social justice, Karl Polanyi

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The contemporary understanding of an unconditional grant or basic income guarantee can be traced to Thomas Paine who authored *Agrarian Justice* in 1797 and to Thomas Spence who authored *The Rights of Infants* also published in 1797 but who had been publicizing his scheme for twenty years (Cunliffe & Erreygers, 2004). Paine's basic capital scheme, which provided for an unconditional cash allowance to all young adults, was a form of redistribution of resources that extended beyond raw natural resources common to alternatives proposed by his contemporaries. Spence's basic income scheme, which provided for quarterly cash payments to all inhabitants of a parish regardless of age and sex, was a form of redistribution of parish-owned land-related resources. Over the past two centuries, related schemes aimed at redistributing resources as capital or income have been proposed to provide a sense of economic security against the vicissitudes of advancing market capitalism and in an increasingly global economy some are finding traction throughout Europe, North America, and elsewhere (Standing, 2004; 2002; Suplicy, 2004; 2003; 2002; Van Parijs, 2004).

Such schemes differ in one significant respect from the 1795 Speenhamland minimum income scheme that Polanyi (1944) analyzed. Whereas the Speenhamland scheme, which provided an income to industrious poor persons regardless of the level of their income, was an attempt to prevent to commidification of labor, the two contemporary schemes examined in this paper not only take wage-related labor for granted, they extol the virtues of the market economy upon which the exchange of one's labor for wages is based. Rather than viewing, as Polanyi did, nineteenth and twentieth century political responses to self-regulated markets as causes for disintegration and annihilation and the passing of market economies as the beginning of

unprecedented freedom in more socialistic forms of governance (Aldridge, 2005, pp. 20-21), proponents of the two basic income guarantee schemes examined in this paper view market economies as the furthering individual freedom and extending social betterment. In such schemes, commodification of labor linked to universal guaranteed income grants goes hand in hand with market forces and economic and social development.

In this paper I briefly examine the UBI and national income shares schemes respectively of Van Parijs (1995 & 2000), professor of Economic and Social Ethics at the Université Catholique de Louvain, and Ross Zucker (2001), associate professor of political science at Lander College in New York. Van Parijs is the more familiar scheme of the two, with several countries considering its adoption and one, namely Brazil, having already done so in modified form (Suplicy, 2004; 2003; 2002. Also see Block & Manza, 1997; Bugra & Keyder, 2004; Healy & Reynolds, 2004; Sheahen, 2004; 1983). I will first briefly describe and assess Van Parijs's UBI then Zucker's national shares scheme. For more extended treatments and analyses of both schemes, see Caputo (2005). I conclude with a brief discussion in regard to how implementation of both redistributionist unconditional income schemes would stand Polanyi on his head, so to speak.

Philippe Van Parijs's Unconditional Basic Income Scheme

Van Parijs works within a political libertarian framework that extols the innovative goods-producing capacities of capitalist economies (Birnbaum, 2004; Vallentyne & Steiner, 2000). Libertarians generally eschew the notion of social justice. They view as socially just the distribution of resources which results from voluntary exchanges of legally obtained goods and services that occur within a legitimate sociopolitical regime. The primary role of government, in addition to the protection of life and liberty, is the protection of property rights. The libertarian

view of the state is one that provides a neutral framework to ensure fairness in voluntary transactions, with individual rights trumping the common good. In such a scheme, the redistributive capacity of government is limited and the idea of welfare rights rejected (Caputo, 2002; Hayek, 1960 & 1976; Hospers, 1971; Nozick, 1974).

Van Parijs argues that all members of societies based on capitalist economies are entitled to an unconditional basic income (UBI) at the highest sustainable level. He expands the libertarian ideal about the permissible role of government to redistribute resources and to achieve social justice, not on the basis of welfare rights, but rather on the basis of enabling what he calls real freedom for individuals. For Van Parijs (1995, p. 12), a free society is one “whose members can do all what they wish to do with themselves and with whatever external object they own *by virtue of an uninterrupted chain of voluntary transactions starting from an initial unrestricted private appropriation of objects previously unowned* [italics in original].” It satisfies three conditions (Farrelly, 1999): (1) there is some well-enforced structure of rights (security), (2) this structure is such that each person owns oneself (self-ownership), and (3) the structure is such that each person has the greatest opportunity to do whatever he or she might want to do (leximin or lexicographic maximin opportunity). The first and second requirements constitute formal freedom. The third, that everyone has the greatest opportunity, encompasses the *means* to do what one might want to do and forms the basis upon which government can be called upon to redistribute resources. By leximin or lexicographic maximin opportunity Van Parijs (1992) means that

...the person with the least opportunities has opportunities that are no smaller than those enjoyed by the person with the least opportunities under any other feasible arrangement; in case there exists another feasible arrangement that is just

as good for the person with least opportunities, then the next person up the scale in a free society must have opportunities no smaller than the second person up the scale of opportunities under this arrangement; and so on (p. 467).

To settle potential conflicts arising from these three conditions, Van Parijs (1992) provides a rough guideline, namely that a free society should give priority to the security condition over self-ownership, and to the latter over leximin opportunity. This is to say that in a free society, the ideal socioeconomic regime is one that could afford, and would actually implement, the highest sustainable unconditional income subject to the constraint that everyone's formal freedom (that is, security and self-ownership) should be protected. Such a socioeconomic regime embodies a market economy because of its productive capacity through the voluntary exchange of goods, services, and labor for cash. Social justice becomes a matter of distributing possibilities, or freedom, not results, and real freedom focuses on those opportunities available to each individual (Van Parijs, 2003). Social justice is achieved in the free society to the extent government or the state ensures that those with the least opportunities have opportunities that are no smaller than those enjoyed by others with the least opportunities under other arrangements.

It should be noted that Van Parijs (1992 & 2003) is only secondarily concerned with a notion of freedom as choosing among alternative bundles of consumption goods. His concern is somewhat similar to but more narrowly construed than Sen (1990 & 1997) who proposed assessing individual claims not by the resources or primary goods people respectively hold but by the freedoms they enjoy to choose between different ways of living that they can have reason to value. Both Sen and Van Parijs accept the notion of a pluralist society in which people can reasonably disagree with what matters in life and both scholars respect a diverse set of conceptions of the good life. Van Parijs's primary concern, however, is enabling individuals to

lead their lives as they please. Hence, the UBI increases one's capacity for real freedom (that is, it increases one's means more so than would be the case otherwise to pursue what one wants). In effect, the UBI is not merely a means to freedom, but rather extends the freedom that a person actually has.

The UBI, however, does not effectively deal with one of Sen's major concerns regarding the relationship between means and ends, namely that of inter-individual variation. That is, the actual freedom to pursue ends depends on both the ends he/she has and the power she/he has to convert primary goods, which for Van Parijs would include the UBI, into the achievement of ends. Hence, despite the UBI, which reduces income inequality, variations related to sex, age, genetic endowments (for example, increasing fetal growth for given genetic endowments has been shown to have a significant positive effect on subsequent schooling – see Behrman & Rosenzweig, 2001; also see Buchanan, Brock, Daniels, & Wikler, 2000; Farrelly, 2004), raw talent, and many other features give individuals unequal powers to build freedoms in their lives.

Further, Van Parijs in my opinion pays insufficient attention to basic human needs beyond that of freedom, particularly to poverty (Caputo, 2005). To his argument “that everyone should be paid a *universal basic income* (UBI),” Van Parijs (2000) adds “at a level *sufficient for subsistence*” [italics in original, available on-line]. Yet, when defining the UBI, he clearly indicates that nothing connects it to the notion of “basic needs” and that it can fall short or exceed what is regarded as necessary to a decent existence (Also, see Van Parijs, 1992, p. 472).

Ross Zucker's Equal Shares of the National Income Scheme

There are two basic components to Zucker's normative logic for a guaranteed income and a third component that links the other two and forms a social theory of substantive democracy (Casadei, 2002). First, Zucker posits a theory of justice as due-ness, which accounts for inter-

subjective aspects of personhood. He maintains property should go to individuals in proportion to their economic contributions, that is, for activities contributing to the value of commodities, not just for those activities producing a product. This is to say that consumers, and not just producers or laborers, contribute to the creation of value, and, as such, they are due a benefit for their economic contributions. Individuals as consumers are engaged in a social activity that contributes in a basic equitable way to the economic welfare of a sociopolitical regime and in doing so are thereby entitled to some equitable level of the national income.

Second, Zucker (2001) introduces a key concept, the economic community, in support of his normative argument for equal property. He maintains that community “can provide a moral foundation for a principle of equal distribution of some income, because membership in a community intuitively warrants sharing” (p. 243). The economic society has the communal composition that morally warrants equalization of income. Zucker (2001) notes that theorists are not in complete agreement in regard to distributive principles for regulating a community. Some, like Taylor (1985), albeit with a degree of ambivalence, posit that community morally entails equal distribution of relevant resources. Others, like Sandel (1982), hold that community can sanction unequal distribution if inequality advances communal purposes. Still others, like Waldron (1988), are morally neutral regarding the relationship between community and distribution. Zucker concurs with Taylor, with the caveat that a capital-based market economy should not be solely regulated by the principle of equal distribution. The tripartite structure of civil society is such that unequal shares of national income are warranted, along side some unspecified portion of equal shares. Hence, the source of the right to an equal share or distribution of some unspecified amount of resources is community membership.

Third, for Zucker, democracy must include economic as well as political rights. That is, substantive economic rights are not merely conducive to democracy; they are constitutive of it. This is so because as democracy internalizes justice and becomes obliged to maintain it, it acquires moral commitments that define its ruling tasks. These moral commitments entail many substantive rights, such as property rights, which (in the Liberal democratic tradition, as I understand it) are necessary conditions for the freedom of will in relation to things. Zucker (2001) summarizes the connection between democracy and distributive justice in the following, original way:

As a condition of basic freedom, the redistributory property right accrues the supreme ethical worth possessed by other rights of basic freedom. Having supreme ethical worth, the redistributory property right is indispensable to the core of a democracy that internalises [*sic*] justice. As such, it belongs among the constitutional essentials of a republic and cannot be removed without diminishing the democratic character of the republic” (p. 292).

Casadei (2002) notes three areas of Zucker’s scheme that need more extensive treatment: the question of *membership* and the relation between democracy and the politics of difference (mentioned in passing, Zucker, 2001, p. 271; also see Paden, 1998; Fraser, 1995/1998; Young, 1990); the global context of economic processes, also affecting national ones; and, finally, the “status” of those individuals who for various reasons are excluded from the economic and productive process, though needing access to resources. Caputo (2005) added four more: the claim that one is due a share of the national income in some proportion to one’s consumer-related contribution; the “communal” aspect of the economic community; how this would affect the incentive structure for increasing economic productivity; and finally Zucker’s dismissal of the relevance of poverty reduction as having egalitarian purpose.

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Van Parijs's UBI and Zucker's national income schemes both rely on the capacity of the market to generate the requisite surplus resources that can then be redistributed unconditionally to citizens of their respective states. Having a basic income invariably would provide the freedom for some to avoid work, or some other designated social contribution, altogether, or to be more particular about the type of work they do and the conditions under which they work. Neither Van Parijs's nor Zucker's scheme specified the level of guaranteed income and both schemes left open the possibility that some would still fall below poverty levels even if their schemes were adopted. They nonetheless based their respective schemes on the capacity of capitalist market-based economies to generate the requisite surplus resources at the highest sustainable guaranteed income level. Zucker went even further by linking unconditional cash payments to effective democracy as a form of governance, although this could probably be inferred from Van Parijs's scheme since it is based on the libertarian notion of individual freedom and the requisite government institutions to support it. In doing so, both schemes turn Polanyi on his head.

Polanyi (1944) saw the causes of decline of capitalism and those societies which adopted it as endemic. *The Great Transformation* opens with the line: "Nineteenth century civilization has collapsed" (p. 3). All four of its pillars, in his view, crumbled: the balance of power, the international gold standard, the self-regulating market, and the liberal state. Whereas the balance of power at the time did shift from Europe to the United States and the international gold standard was eventually abandoned, the latter two pillars, though transformed in many ways, remain with us. One might argue that self-regulating markets and the liberal state never lived up to their ideal formulations. Nonetheless, although neither the self-regulating market nor the

liberal state may be of one piece, in practice their contemporary existing forms are endemic to Van Parijs's UBI and Zucker's national shares schemes. Neither scheme elevates society by subordinating the economy to the extent Polanyi envisioned or had hoped for as replacement of the collapsed capitalism whose course he documented and explained.

Rather, both schemes rest on the notion that while not subordinate to society the market economy operates best, i.e., in its capacity to produce the highest sustainable guaranteed income, with some degree of autonomy. Neither scheme would have merit if this were not possible. Hence, both schemes turn Polanyi on his head by making a strong case for the merits of a relatively autonomous economic sector in a modified traditional, liberal, coordinating sense and posit an unconditional basic income as a major state-endorsed and -enforced mechanism to soften its vicissitudes. Such a mechanism sharply contrasts with the alternative adaptations to the market that took the forms of communism and fascism that were of primary concern for Polanyi. Whether adoption and implementation of such schemes would bring with them an erosion of the neo-liberal state as currently manifested remains to be seen.

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