Income v Work Guarantees: A Reconsideration

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Abstract: Notwithstanding stringent criticism about the macroeconomic coherence of guaranteed income schemes (Watts 2002; Mitchell and Watts 2005), advocates continue to exalt the virtues of such schemes by reference to rights, transparency and the reduction of income inequality (for example, Standing, 2011), as well as ecological sustainability (for example, Boulanger, 2009). In this paper we critically assess the burgeoning basic income literature, with particular reference to the manner in which the problem of income insecurity is conceptualised, and the likely effectiveness of such a scheme, both in the light of the Global Financial Crisis and in the context of ecological sustainability.

1. Introduction

The extreme consequences of the Global Financial Crisis (GFC) have been felt by working people and retirees across many advanced and some emerging economies (IMF, 2010) in the form of increased income insecurity. Not only have unemployment rates risen substantially, but also the incidence of vulnerable employment, particularly in Eurozone countries (ILO, 2011), and reductions in wages and working conditions have been experienced by public and private sector workers in Eurozone countries, such as Ireland and Greece. Long term income security is also under threat in both Eurozone and sovereign countries, from increased contributions and/or the reduced returns from pension schemes, due to the frequent treatment of pension income as the outcome of a risky financial placement.

Academics from a range of disciplines, as well as laypeople, continue to be attracted to the merits of a guaranteed, unconditional basic income (BI), because, if set at a liveable level, it appears to directly address income insecurity. Also it is alleged to lead to increased personal freedom to make meaningful choices about paid and unpaid work and leisure, and by reducing dependence on paid work, shifts the power balance in the labour market (Lo Vuolo, et al, 2010; Standing, 2011a). Due to their orthodox macroeconomic perspective of most advocates, however, a BI scheme must be funded by reducing current net government expenditure. At a time when many countries are practicing fiscal austerity, this would appear to impose additional deficit and debt pressures.

In an earlier paper, Mitchell and Watts (2005) criticised both the manner in which BI advocates construct the problem of income insecurity and the underlying neo-liberal methodology of Van Parijs’ seminal paper (1995) in support of BI. Informed by the principles of Modern Monetary Theory, they provided a macroeconomic critique of a universal BI and outlined the merits of the Job Guarantee (JG) which is an ongoing unconditional guarantee of a job for those of working age (see also, Watts, 2002).

This paper is designed to explore how BI advocates have responded to the fundamental macroeconomic criticisms made by Mitchell and Watts (2005). The short answer is that, notwithstanding some commentaries on the consequences of the GFC and the necessary policy remedies for working people, BI advocates continue to adopt an individualistic perspective by exalting the benefits of increased income security, and greater freedom of choice associated with decisions about paid and unpaid work. They continue to confuse symptoms with causes in trying to understand what drives income insecurity and how it
should be addressed. Also the introduction of an unconditional BI scheme set at a livable level for all adults does not guarantee a right to sustained employment for those who seek paid work and the scheme is potentially inflationary (Mitchell and Watts, 2005). In short, their conceptual framework neglects the fundamental macroeconomic relations between employment, work, production and income. These shortcomings are also revealed in recent claims in The Green Case for Basic Income Debate in *Basic Income Studies* (2009) that income security associated with the BI provides the platform for more ecologically sustainable forms of activity, because the receipt of income has been partially separated from paid work and unsustainable production.

The paper will argue that the state has always had a major role to play in the operation of the macroeconomy both through social security provision and public sector employment. The principles concerning the role of the state which are espoused in the important report by Beveridge (1942:6-7) still remain relevant: The state ‘should not stifle incentive, opportunity, responsibility; in establishing a national minimum (income), it should leave room and encouragement for voluntary action by each individual to provide more than that minimum for himself and his family’. BI advocates interpret these principles as being supportive of unconditional income, but we shall argue that his principles are also consistent with an unconditional job guarantee for all those who wish to undertake paid work, complemented by a comprehensive social security system, which provides income support for those of working age who cannot work, through illness/disability or caring responsibilities, and retirees, who have inadequate access to pension income.

An unconditional right to work through a JG both achieves sustained full employment and promotes ecological sustainability. It also provides opportunities for training and career development, whereas an unconditional BI can create passive recipients, who lack self-esteem. The impact on employment and incomes of the GFC reinforces the urgency of introducing a JG to avoid condemning generations of young adults to limited, insecure paid work options.

Our focus is advanced capitalist economies which have the institutional machinery to administer welfare and Job Guarantee programs and there is sufficient domestic infrastructure to enable long term increases in productive capacity (but see Mitchell, 2011 and references therein for an analysis of both transfer programs and employment guarantees in developing economies).

In the next section, we set the scene by outlining the justification for the implementation of a right to BI and providing a brief outline of the macroeconomic critique provided by Mitchell and Watts (2005). We then examine how BI advocates have responded to the GFC in Section 3, which is followed by analysis of whether instituting a BI enhances ecological sustainability, as compared to a JG. In Section 5 we reconsider the issue of the coercion to work under a JG and concluding comments complete the paper.

2. Basic Income: An Introduction and Critique

Standing (2005:98) outlines the view of the typical BI advocate that ‘everybody should have an unconditional right to basic income security, without anybody being required to do some kind of work that the state regards as legitimizing the right to basic security’. He notes that some supporters argue in favour of some community work as a pre-condition for entitlement (see Atkinson, 1998; Williams and Nadin, 2011 and Section 5). The provision of a BI which is ‘unconditional, individual, regardless of status’ is alleged to be a necessary but not sufficient condition for the right to work, and, on its own, is not a solution to poverty. But a
right to work requires a strong voice, security and the means of achieving a flexible and creative working life (Standing, 2005), which is presumably geared to the interests of the worker in combining paid and unpaid work, rather than the employer. Many jobs undermine the right to work because they entail controls and disciplines that are not freely chosen. Standing also argues that there is no expectation that all work should be remunerated equally.

Mitchell and Watts (2005) claim that the provision of a universal BI, set at a ‘liveable’ level, is based on a failure both to construct the problem of income insecurity appropriately and to understand the macroeconomic options facing a sovereign state which issues its own currency. In short, BI advocates typically want to treat the symptoms of income insecurity, rather than its primary cause, namely persistent unemployment, which reflects ‘systemic failure in the form of ill conceived and executed macroeconomic policy which is imposed on vulnerable individuals who are powerless to improve their outcomes’ (67).

BI is based on ‘a false premise and a curious inconsistency’. The former is that governments issuing fiat-currency are financially constrained. The inconsistency is that the political conditions that need to be present for BI to be a reality require the State to recognise the philosophical values of citizenship and individual rights.’ (Mitchell and Watts, 2005:67). These values are the same as those required to restore full employment as a priority of macroeconomic policy.

The solution is the restoration of the State as an ‘employer of last resort’ through the implementation of a Job Guarantee, which has its most comprehensive analysis in Mitchell and Muysken (2008). The Federal Government would provide jobs paid at the Federal minimum wage to all unemployed people. Thus the debate between income and work guarantees should be framed in terms of whether the BI can be considered a superior option in a monetary economy where the fiat-currency issuer is a monopoly. We shall not detail their critique of Parijs’ well known paper entitled Why Surfers Should be Fed, which adopts a microeconomic perspective in which unemployment is attributed to market imperfections.

Mitchell and Watts (2005:76) argue that BI advocates are confronted with a number of problems, if a BI is introduced within orthodox fiscal constraints of budget neutrality, namely a limited impact on aggregate demand and hence unemployment, unless there is a significant impact on labour force participation which is unlikely, given ‘given the rising participation by women in part-time work (desiring higher family incomes) and the strong commitment to work among the unemployed’. Within a segmented labour market, the balance of power is unlikely to shift to workers who seek part-time hours to complement their BI (subsidy) and ‘some full-time jobs will be replaced with low-wage, low productivity part-time jobs leading to falling investment, skill accumulation and ultimately falling average living standards’. If the BI is increased, total labour supply is likely to decrease, which could be reinforced through the impact of the necessary increase in tax rates on the supply of incumbent workers, reflecting the relative magnitudes of income and substitution effects.

On the other hand, within a functional finance framework, so that the introduction of the BI is not budget neutral, net government outlays would increase which constitute an indiscriminate Keynesian expansion. Traditional pump priming is always beset with difficulties due to operational lags, so sustained full employment cannot be guaranteed. These problems are compounded by changing rates of labour participation in the light of changing BI/wage relativities, driven by wage inflation, in the absence of a counter-inflation mechanism, and periodic changes in the level of the BI, reflecting community expectations.

‘Even if this Keynesian expansion could achieve full employment, considerable economic inflexibility is created. The ebb and flow of the private sector cannot be readily accommodated, and the likelihood of inflation is thus increased (see Forstater, 2000)’
Thus a BI scheme does not have the capacity to secure sustained full employment and price stability and thus fails to provide meaningful job choice for workers. On the other hand, the Job Guarantee is calibrated to the level of unemployment and has an inbuilt counter-inflation mechanism. These issues were highlighted during the GFC, when debates raged about the degree and timing of fiscal stimulus measures in different countries.

Further, the availability of a BI will not neither ‘promote meaningful engagement on the part of the disadvantaged, who have limited income-earning opportunities’ nor ‘overcome the stigma associated with voluntary unemployment of the able-bodied, who do not have caring or other responsibilities’. The failure to engage in paid work, for whatever reason, cannot be narrowly construed as merely an inability to generate disposable income which can be compensated for through a benefit, but entails a much broader form of exclusion from economic, social and cultural life. Most people would still consider that it is a social responsibility of able-bodied adults to contribute work from which they gain income. On the other hand, the JG solution incorporates both the right to work for the able-bodied and access to the social security system for ‘those citizens who are unable to work, due to illness, disability or caring responsibilities’ (Mitchell and Watts, 2005:83-84)

Given the JG hires at a fixed price in exchange for hours of work and does not compete with private sector wages, employment redistributions between the private sector and the buffer stock can always be achieved to stabilise any wage inflation in the non-JG sector. The payment of market wages to JG workers would undermine this counter-inflation mechanism, so that the full employment policy is reduced to an indiscriminate Keynesian expansion. The JG pool thus ebbs and flows according to private sector demand levels.

In conclusion, there is a tendency by BI advocates to focus on the freedoms enjoyed by BI recipients in isolation without recognising that the provision of income to citizens, either through BI or paid work, gives rise to a demand for goods and services, some of which will be provided via production under capitalist social relations. Notions of justice must be located in concrete economic circumstances and viewed in relative terms, rather than being conceptualised in abstract and absolute terms when applied to policymaking (Sen 2009). Similarly a debate about the merits of BI must be based on an understanding of the macroeconomy. No economic system can give all its citizens a collective free choice about whether to undertake work or not and the type of work performed.

3. The Global Financial Crisis

Standing (2011a) is critical of globalisation in promoting increased economic volatility and hence systemic uncertainty which has been accompanied by long term increases in functional income inequality. He analyses the causes of the GFC, and notes that the systemic uncertainty generated by financial market failure led to falling aggregate demand, but he decries the long term costs of huge budget deficits. He is over-confident that the toxic (private sector?) debt problems can be readily overcome. ‘The shock ended an era of delusion, in which workers’ living standards were held up by tax credits, subsidies and cheap credit’ (Standing, 2011b). He highlights the economic vulnerability of the unemployed and those undertaking precarious work and reaffirms the need to provide sufficient economic security ex ante, by ‘providing every legal resident in society with a basic income as a right’.

A sustainable recovery necessitates increasing aggregate demand and promoting economic security and stability to reduce uncertainty (Standing, 2011a). Safety nets have been undermined in the neololiberal era - given the relentless pressure on countries to deregulate their labour markets since the OECD Jobs Study (OECD, 1994). Also there is broad
agreement that monetary policy has limited capacity to promote recovery (Standing, 2011a, p.13), but it did probably assist over-indebted households and firms.

A common view amongst BI advocates, which may have been reinforced by the GFC, is that full employment is no longer achievable, which provides a justification to reject full employment as an alternative means of achieving income security: ‘One might even be willing to concede, for the sake of argument, that it is possible to create something close to full employment, if one is prepared to drive down wages and impose onerous working conditions’ (Standing, 2005:93; Standing, 2002). In Chapter 19 of the General Theory, the proposition that money wage cuts would be a means of creating full employment was firmly rejected (Keynes, 1936) and the post-Keynesian literature is no more enthusiastic about such a strategy (King, 2001).

Skidelsky (2011) points to both the shift in the post-industrial era to services, which have a lower capacity for productivity growth, and also technological unemployment, which, conversely, is associated with rapid productivity growth, as threatening the capacity of countries to provide sufficient rewarding and secure work for all. In particular, non-standard employment much of which is dead-end, is growing in significance. These problems are exacerbated by immigrants within the EU, who are prepared to undertake casual employment, which undermines employment conditions of local employees.

Citing a Danish example, Skidelsky advocates worksharing, which entails the separation of work from income. In his view, a universal basic income, paid to all citizens, independent of their labor market status, is the logical next step. Standing (2011a) opposes worksharing schemes, particularly those enacted in response to the GFC, because, by sustaining incomes and the employment status of workers placed on reduced hours, structural change is frustrated.

In line with his opposition to a right to work policy, Standing (2005:98) is highly critical of policies designed to promote job creation, whether through the provision of private sector wage subsidies or public works programs. However his reasoning is flawed due to his failure to differentiate between these two forms of policy. He rightly criticises active labour market policy in the form of selective wage subsidies, due to their limited effect on aggregate demand, deadweight loss, substitution effects and their capacity, along small business start up grants, to distort competitive forces. Also long term job security is not guaranteed by temporary subsidy schemes (see also Standing, 2011b). Certainly public sector job creation schemes in the areas of the economy in which the private sector is operating also can undermine competition. In a job constrained economy, any supply side policy will have a limited effect on employment. Standing (2011a:17) also conflates these different types of employment generation scheme. He is also understandably hostile to subsidy protectionism which is designed to skirt around World Trade Organisation rules through the payment of tax credits, thereby increasing the competitiveness of domestic production.

Standing (2005) alleges that public-works schemes are inherently inefficient, because efficiency is not their primary motive. Further he rejects the defence of public good provision due to the presence of some form of market failure that preclude private schemes. In his view, governments should address market failure rather than resort to public works. He then appears to contradict himself by the following concession: ‘None of this should be taken to imply that the public sector should be downgraded or that it is intrinsically less productive than the private sector, merely that the criteria for justifying more public-sector jobs should be the need for the services or goods, not social policy for job creation to strengthen some vague “right” to work’. So, again he has an ambivalent attitude to public sector employment because
it threatens to underline his claim that full employment is not a viable policy to address income insecurity.

Standing (2011a) recognises that major infrastructural investment is required in the USA, but notes that infrastructure projects require proper planning and careful administration, which is uncontroversial. While he does not mention the private finance initiative (which typically involves risk being transferred to the public sector and has been criticised in the UK), it would fit into his promotion of private sector activity and the reduction of the public sector employment.

It has to be concluded from his writings that jobs must be justifiable on the basis of profitability and hence efficiency, so necessarily social needs, such as services for the elderly, should be ignored, because they are not being adequately met by the private market due to unprofitability.

Curiously though, while apparently using the yardstick of efficiency to justify private sector activity, Standing also bemoans the existence of dull, boring and uncreative jobs, which he claims should be shared by all adults. Thus he has a utopian view that private (and public?) sector workers would be engaged in rewarding activity, despite the calculus of profitability remaining dominant and there being a fundamental power imbalance in the labour market. Meaningful choices about jobs (within the constraints of skills and experience) can be more readily exercised by workers within a fully employed economy, in which employers are competing to secure employees and wages and conditions are being gradually improved for JG workers, with the former rising with national productivity.

Standing (2011:18) proposes Economic Stabilization Grants of £30 per adult in the UK which represents 4% of GDP, some of which would be clawed back in tax. He claims this outlay to be affordable given the UK’s relative debt position and should improve the effectiveness of UK automatic stabilisers. It is administratively more efficient to maintain universality through lump-sum transfers than attempt to weed out the lazy. Also a permanent scheme is likely to promote a greater increase in consumption. As a short term strategy, it makes sense but only as an interim measure while a JG is implemented, since as a modest stimulus, due to budget constraints, it will not address the desire of the unemployed to work. Further, it will have little impact on income inequality (cf. Standing, 2011:19), which can only be addressed via employment opportunities for all and a steady increase in the JG minimum wage.

Standing (2011:20) acknowledges that the ESG could be exploited for political purposes, particularly in the run-up to elections, so he proposes that an Economic Stabilisation Policy Committee be established to set the ESG according to economic circumstances, similar to the UK Monetary Policy Committee which sets the Bank Rate. Such an arrangement may create some uncertainty amongst recipients. The proposal to sub-contract yet another policy decision to an allegedly independent committee seems a curious recommendation in that it implies a further abrogation of political and economic responsibility by the incumbent government.

As noted, by assuming that governments are budget constrained, (particularly given the impact of the GFC on deficits and debt) BI advocates have to indicate where offsetting tax receipts will be obtained. In Section 5, we examine ecologically based taxes. If increased tax revenue is sourced from income tax then a significant redistribution is required. We concur with BI advocates that in most instances the means-testing of benefits is inefficient, due the likely generation of poverty traps as well as being administratively complex. It is also misguided, because issues of inequality should be addressed by a more progressive income tax system. A more progressive tax system has been off most political agendas since the Reagan/Thatcher era.
4. Basic Income and Ecological Sustainability

Mitchell and Watts (2005: 82-84) were critical of the individualistic perspective adopted by BI advocates (for example, Fitzpatrick, 2002; Humphrey, 2002) in associating income security based on the receipt of a BI with the adoption of sustainable patterns of consumption, and a reduced need to participate in the labour market and contribute to GDP growth. This disconnect between the treatment of BI and the fundamental relationships linking employment, work, production, income and spending means that the stimulatory impact of the implementation of a BI, which Standing (2011a) views as essential in the current economic climate, is ignored, and, in particular, the likely increase in total hours worked.

A recent symposium in Basic Income Studies edited by Birnbaum (2009) has revisited the question of how the imposition of a BI will impact on ecological sustainability. He notes that the literature identifies the implementation of a BI, (at an unspecified level), with a post-productivist ideology which prioritises personal autonomy and free time over employment and high levels of growth, but he recognises that the challenge is to explore the potential of a BI to facilitate and stabilise an ecologically sustainable system. Some non-market activities that would become possible through the BI could facilitate “cultural dematerialization” (Boulanger, 2009). A BI could enable the growth of third sector activities, promoting greater resource-efficiency and, thus, ecological sustainability. Again the connection between an individualistic analysis of lifestyle choices under a BI and fundamental macroeconomic relationships is ignored. Further, the onus is on advocates is to demonstrate that there are intrinsic properties of a BI scheme which promote and enhance sustainability, which are absent under a JG, in which income security enables meaningful choices can be made about work hours.

Birnbaum (2009:4) acknowledges both that ecological sustainability could ‘require a high volume of remunerated work and savings in support of technological investment and innovation’ and that economic growth would enable a higher level of BI that would at least cover the basic needs of recipients, but the benefits of autonomy would lead either to the requirements of global, long-term sustainability being sacrificed or to a defence of BI needing to be ‘solidly anchored in a global framework of steady state economics’ (Andersson, 2009).

Andersson (2009:2) claims that the introduction of a BI means that ‘[S]ociety would not be pressured to boost the economy just to guarantee an appropriate supply of jobs’. This statement reveal flawed reasoning. There is an explicit assumption that all economic activity and thus the associated jobs entails resource depletion and/or pollution and that the implementation of a BI does not increase net spending, despite a clear statement from Standing (2011a) in response to the GFC. While recognising that the living standards of citizens need to be enhanced by either a guarantee of income or work, the JG can provide some ecological discipline over patterns of expenditure, by, for example, providing job opportunities in care services for the elderly and environmental remediation (Cook, Mitchell, Quirk and Watts, 2008). He also claims that ‘The introduction of a generous BI would challenge the prevalent productivist and consumerist hegemony’ (2009:2). Equally job security and the opportunity to choose hours of work would provide opportunities for different lifestyle choices, so there is nothing intrinsic about the introduction of a BI which promotes a post-productivist ideology.

The assumption that financing the BI is budget constrained is revealed by the argument that ‘High ecological taxes would be morally and politically acceptable if combined with a compensating BI transfer’ (Andersson, 2009:4-5). The contradiction is revealed by the reliance on a source of tax revenue which should decline if investment and innovation
facilitates shifts to more ecologically compatible forms of production and consumption. This would engender income insecurity (e.g. Alaska Permanent Fund based on oil extraction).

Van Parijs (2009:2) argues that the ‘The political space of post-industrial society, ..., should be depicted as a triangle’ with the base formed by two vertices, namely the all-encompassing market on the right and the all-encompassing state on the left. At the apex is the autonomous society, which ‘comprises all the productive activities whose products are neither sold on the market nor commissioned by a public authority’ and is promoted by ecologists. In his earlier work on this theme he acknowledges that the activities of the autonomous sphere cannot be considered more sustainable than those of the market or the state. Hence, the relative expansion of that sphere cannot be consistently promoted by greens for that reason. He now views the connection between the autonomous sphere and sustainable development as more profound than he had previously claimed (Birnbaum, 2009).

‘Investment, technological innovation and managing the demographic transition are all part of the comprehensive strategy we need. But a reduction in the time spent on the heteronomous sphere (market or state) and a correlative increase in the size of the autonomous sphere can also play a role, at least as long as one can suppose that, on average, autonomous activities are less aggressive towards the environment and less depletive of natural resources than state ‐ run or market activities.’ (Van Parijs, 2009: 4) (my emphasis).

Boulanger (2009) identifies 3 potential mechanisms for strengthening the autonomous sphere through the implementation of BI: eco-efficiency aims to minimise the energy and materials requirements of production and consumption; sufficiency supports non-consumerist lifestyles and decommodification minimises the share of commodities in consumption. However improved eco-efficiency can be subject to a rebound effect because cost and hence lower market prices can lead to increased demand for either the good in question through substitution effects and/or other goods through income effects which may raise the environmental effect. Thus both sufficiency and decommodification are of key importance in reinforcing the benefits of improved eco-efficiency. He claims that BI, conceived as a payment for non-market activities, has a key role to play in both sufficiency and decommodification.

A JG will assist in changing the composition of final output in a manner consistent with greater ecological sustainability. Forstater (2001) outlines the wide range of environmental tasks that could be available under a JG program that are not motivated by the pursuit of profit. These include

- labour intensive recycling (including reuse, repair and reduce);
- the transformation of homes to be more energy efficient;
- the operation of public vehicles to assist in the reduction of automobile use and traffic congestion;
- the transformation of public infrastructure to solar and other others forms of renewable energy;
- the monitoring, cleaning up and rehabilitating of public and private sites;
- education programs in schools; and
- research.
These programs will be designed to reflect local assimilative capacities. Environmental risk factors and threshold effects in the use of natural capital must be taken into account. A risk-averse attitude is wise (Zarsky, 1996: 172). Finally, it should be noted that the provision of job opportunities through a JG would obviate the ‘the imperative to maintain environmentally destructive forms of employment, such as logging’ in rural areas (Mitchell and Watts, 2005: 83).

Notwithstanding the assertions of Van Parijs and other contributors to the BIS volume, the superiority of a BI scheme over a JG with respect to sustainability has not been demonstrated. Indeed, the level of BI is not even made clear, so the implicit assumption that a significant number of workers forego paid work and become part of the autonomous zone is questionable.

5. The Compulsion to Work

In contrast to the BI which separates income from work thereby allegedly increasing choice and freedom, the JG appears to have coercive properties. However Mitchell and Watts (2005:83-84) argue that, while a JG is a short term palliative, it is a force for historical change beyond the capitalist mode of production. Further, BI advocates face a dilemma under the orthodox government budget constraint in that the viability of the scheme is reliant on some people working, so the “coercion of work” is neatly transferred to those who continue to undertake paid work, while under the JG the “coercion of work” is shared by all. ‘No form of wage labor is non-coercive under capitalism. The question is what forms of coercion are most likely to lead to changes in the mode of production over time. The importance of the work ethic in reinforcing capitalist social relations cannot be underestimated.’

Williams and Nadin (2010) argue that there are some advocates who believe that the BI or citizen’s income should be linked to some form of active role ‘It is not enough to pay citizens a minimum income without enabling them to participate in socially significant activities, including paid and unpaid work… All persons who can, should have the right – and the duty – to contribute in some way to the common wealth.’ (Gough, 2000: 27, quoted in Williams and Nadin, 2010; see also Atkinson, 1998; Elson 1988).

‘The proposal is that the ‘voluntary and community’ sector of the New Deal programme could be extended to allowing the unemployed to define the ‘social and/or economic contribution’ that they wish to make. This would not only negate the workfare critiques aimed at this programme, but also release the unemployed to take greater responsibility for the nature of their integration into work’ (Williams and Nadin, 2010).

The type of activities that would be acceptable under this scheme are problematic, but they would include caring activities and organising community group (Williams and Nadin, 2010:1) If implemented, that is, it would be no longer solely be the labour market that integrated people into society but also this scheme that would potentially offer limited material security, esteem and identity. Such a scheme is really a logical long term extension of the JG with its current focus on traditional forms of paid work.

Finally some BI advocates view a JG as another form of workfare, and that arbitrary bureaucratic judgments are made about the capacity of individuals to work and hence their entitlement to social welfare benefits. The first claim ignores the conditions of employment and the benefits in terms of work experience for longer term career development in a fully employed economy. Decisions about entitlement to forms of social welfare have to be made whether a BI or JG is in place.
6. Conclusion

The response of BI advocates to the macroeconomic critique of Mitchell and Watts (2005) has been most disappointing, despite a version of the paper being presented at the BIEN Congress in Barcelona in 2004. In their writings, there remains a disconnect between the liberating experiences of BI beneficiaries who choose not to undertake paid work and the fundamental macroeconomic relationships between employment production and consumption.

‘Work remains central to identity and independence and persistent unemployment remains the central cause of income insecurity. While the introduction of an unconditional BI has superficial appeal -- as a means to allow individuals to subsist without work -- the model fails to come to grips with the failure of macroeconomic policy to provide paid employment opportunities and secure incomes for all.’ (Mitchell and Watts, 2005:87).

The flawed treatment of macroeconomic principles is also revealed in the attempts by advocates to link the implementation of a BI with the promotion of environmental sustainability through a reduced dependence on paid work. A JG provides a superior vehicle for the systematic introduction of sustainable practices.

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