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Ian Gough

Justifying Basic Income?

A review of van Parijs

Philippe van Parijs's ambitious book *Real Freedom For All? What (If Anything) Can Justify Capitalism?* (1995) develops three arguments. First, he backs 'real freedom for all' as the appropriate goal for the left-of-centre in the modern age. Second, he argues that (with modifications) a universal basic income at the maximum sustainable rate is the morally most just and strategically most effective route to this goal. Third, he contends that capitalism provides a more favourable socio-economic framework than socialism for achieving a high basic income and thus maximising real freedom for all.

These are big claims and I will try to address each in turn. The political upshot is a 'resolutely left-wing variant of Rawlsianism' (p. 297), designed to save the 'European model' of capitalism by taking it one stage further (p. 2). The book is situated in the red-green framework of politics still salient in Belgium, where he lives and works, and in other European countries. Yet the book is not an easy read, addressing as it does a formidable range of issues within political theory and philosophy. Feats of mental gymnastics are frequently performed to achieve what some might see as modest or obvious or perverse conclusions. The book is a good example of the perspective and style of the 'September Group', the 'Non-Bullshit Marxism Group', of which Van Parijs is a founder member; or rather, of the methodologically individualist, rational-choice side of that group.

Van Parijs's maximum sustainable basic income has obvious affinities to the right of all persons to the 'optimal sustainable level of need satisfaction', which Len Doyal and I advocate in *A Theory of Human Need*. Similarly his support for basic-income capitalism has something in common with the case I have made for 'socially regulated capitalism' as the best immediately feasible framework for

optimised need satisfaction (see Chapter 2). Yet these superficial similarities mask disagreements over policy and analysis which stem from radically different ethical goals and methodologies. I shall try to clarify some of these similarities and divergences in the course of this article.

Theses

Real freedom for all

According to Van Parijs, a free society is one that satisfies three conditions (p. 25): first, there is some well-enforced structure of rights; second, this structure is such that each person owns herself; and third, this structure is such that each person has the greatest possible opportunity to do whatever she might want to do. It is the third condition, 'maximin opportunity', which distinguishes real freedom from formal freedom and it can be understood as follows. The person with least opportunities has opportunities that are no smaller than those enjoyed by the person with least opportunities under any other feasible arrangement. 'The real freedom we need to be concerned with is not just the real freedom to choose among the various bundles of goods one might wish to consume. It is the real freedom to choose among the various lives one might wish to lead' (p. 33). In particular, later on, this includes the ability to choose between work and leisure.

It is clear that Van Parijs's approach is close to that of Rawls, and on several occasions he acknowledges his debt. More generally he likens his approach to that of other left-liberal or liberal-egalitarian or solidaristic conceptions of justice, including those of Dworkin, Sen, Arneson and even Cohen. All share the general postulate of 'equal respect': that 'what counts as a just society should not be determined on the basis of some particular substantive conception of the good life' (p. 28). Only a thin theory of the good is extolled. When discussing how to make different opportunity sets commensurable, Van Parijs rejects assessing them in terms of the welfare levels they enable different people to achieve (p. 50). However by 'welfare' here he means the utilitarian satisfaction of subjective preferences, not the satisfaction of objective needs. Interpreted in this way he rightly points out a key difficulty: that people with more extensive and expensive tastes would be entitled to a greater share of resources than those who have adapted their tastes to their circumstances. This is unjust, except in the case of people with real handicaps, an issue he addresses in Chapter 3.

An unconditional basic income for all

The bulk of the book presents an argument for a universal, unconditional basic income at the maximum sustainable rate as the surest way of maximising real freedom for all (Chapter 2), followed by responses to a complication (Chapter 3) and two critiques (Chapter 4 and 5).

The opportunities component of real freedom for all justifies a radical shift from the traditional welfare state to an unconditional basic income: 'an income paid by the government to each full member of society (1) even if she is not willing to work, (2) irrespective of her being rich or poor, (3) whoever she lives with, and (4) no matter which part of the country she lives in' (p. 35). Different forms of welfare system in some countries of the industrialised world provide a guaranteed minimum income to all or nearly all citizens, of a greater or lesser amount, but none of these is unconditional in all four of the above senses. It is not difficult to see that maximin opportunity requires the provision of basic resources as a citizenship right, but why an unconditional basic income?

The argument for no work test is directly derived from maximizing opportunities: there should be no constraint on the use of one's time in the form of restriction of benefits to those willing to accept employment or training. The second feature - no means testing - uses a variety of supporting arguments (p. 36). First, an *ex-post* means-tested (or negative income tax) system must entail time lags when the poorest groups are vulnerable to real destitution. Furthermore, ignorance or confusion will mean that some fail to claim their due resulting in less than 100 per cent take-up of benefits (frequently a lot less). Second, the uncertainty of conditional benefits restricts claimants' real choices especially in the contemporary world of rapidly changing and flexible labour markets. For example, it may be too risky to give up regular benefits to take a job which may soon disappear or which they may be unable to keep. An *ex-ante* basic income provides a certain material foundation on which life choices can firmly rest. Third, the administrative costs of basic income are much lower than for means-tested benefits and thus, *ceteris paribus*, the sustainable level of benefit is higher.²

The final two (un)conditions are less obviously related to real freedom. Van Parijs simply observes that there is no reason to make the basic benefit dependent on household situation and place of residence. Having ruled out welfare outcomes as a criterion, it is no argument that there are economies of scale from living in a household with others or that it costs more to live in London than the Orkneys. Opportunities to

live where or with whom you want are maximised by giving the same benefit to everyone.

The level of benefit should be the highest sustainable amount that could be paid to the members of the society concerned. 'Sustainable' has two components relating to incentives and ecology. Drawing on his earlier innovative work on the 'Laffer curve' with Robert van der Veen, the incentives component dictates that the tax rate set to finance basic income should be that which maximises the total tax yield. How high this is, and thus how high is the sustainable basic income, may well depend on other features of the socio-economic regime, and thus on the capitalism-socialism debate returned to at the end of the book. The complex questions raised by environmental constraints and intergenerational distribution are simply and reasonably dealt with by specifying that the next generation should be no worse off than the present one.

Should the benefit be paid in cash, in kind or some combination of the two? Not surprisingly, Van Parijs contends that opportunity sets will be maximised if it takes the form of a cash benefit. Certain exceptions can be made to take account of collective security (e.g. policing), positive externalities (e.g. basic education and infrastructure) and excessive costs of marketisation (e.g. certain pollution controls). But he prefers to restrict these to a narrow list of market failures. In particular he does not accept that consumer ignorance and irrationality can justify the direct provision of goods and services. So far, so libertarian. Yet Van Parijs recoils from taking this position to its logical conclusion. He opposes an initial endowment on the lines initially advocated by Thomas Paine because of the dangers that misspending in youth will create destitution in old age. He assumes 'a universal desire on people's part, when "in their right minds", to protect their real freedom at older ages against the weakness of their will at younger ages' (p. 47). And at the end of the book he speculates that the experiences of collective creches and hospitals may be necessary to foster the 'solidaristic patriotism' that such a generous unconditional basic income will require from society's members (p. 231). These qualifications sit uneasily alongside his general belief in the rationality of consumer preferences.

In Chapter 3, Van Parijs confronts the problem that the real opportunities of the worst off will not be maximised if internal endowments are not included, alongside external endowments. Surely a person with disabilities will require a higher basic income than a person without disabilities if real opportunities for all are to be maximised? Once again any 'welfare metric' has been ruled out as a way of handling this, so

Van Parijs, like Dworkin before him, confronts a series of hurdles in distinguishing the seemingly valid claims of the genuinely handicapped from the seemingly invalid claims of those 'with expensive tastes', e.g. a nonmusical person with an obsession to play the oboe well. His solution is to apply Ackerman's treatment of genetic features to all internal endowments. 'A's internal endowment (a vector of talents) dominates B's internal endowment if and only if every person (given her own conception of the good life) would prefer to have the former than the latter' (p. 73). This criterion of 'undominated diversity' should hopefully separate out the genuinely handicapped whom nobody would envy from the frustrated oboe players. But Van Parijs recognises the rather absurd corollary: that it would take only one person to prefer, say, blindness to vision, for any extra recompense for the blind to be ruled out. His answer to this is to postulate a large, open, pluralistic society with real exit options and an ubiquitous mass media (p. 83). This would minimise the chances that offbeat preferences would be universal across the social group and thus require transfers to enable everyone to travel to Mecca or to play polo.

It would seem that the principle of undominated diversity acts as a constraint on the principle of a maximum sustainable basic income for all (p. 75). Van Parijs applies the principle not only to 'the handicapped' but also to persons with modest endowments of whatever it takes to make a living in the market at the present time. If no one would prefer to have these modest talents, then he is driven to accept that some form of conditional guaranteed minimum benefit may be the best way of compensating this group of poor people. In other words, means testing, other forms of capability testing and in kind benefits (p. 259, n. 45) may well be the most desirable and effective forms of social policy. Moreover these benefits would have first claim on public revenues which would mean that in all countries less would be left over for basic income. In poorer countries the basic income could well be driven down to zero. Van Parijs's lengthy engagement with the problems of internal assets raised by Dworkin has left his earlier support of basic income peculiarly exposed.

Does basic income unjustly favour the 'lazy' (e.g. the surfer shown on the front cover of the book) and discriminate against what Van Parijs calls, to avoid biased labelling, the 'crazy' (i.e. those who want to get ahead and make money)? In Chapter 4 Van Parijs confronts one set of arguments of this sort. Musgrave (1974) in an early criticism of Rawls argued that implementation of Rawls's maximin favoured those with a high preference for leisure. In a later reply, Rawls (1974) switched to the

opposite extreme by adding leisure to the list of socio-economic advantages governed by the difference principle. The effect of this is to rule out any entitlement from public funds for the voluntarily unemployed (p. 96). To avoid this, Van Parijs introduces an argument derived in different ways from Dworkin and Steiner: an unconditional basic income does not unjustly benefit the 'lazy' if the 'crazies' use more external resources than they, which will, generally speaking, be the case. To endow the two groups with equal external assets will then optimise the real freedom of neither group. Thus the users of external assets should be taxed and the proceeds used to finance a basic income for all.

The next and crucial stage in Van Parijs's argument is to contend that jobs are the most salient assets in the modern world - more important than inherited wealth and skills. Assuming that labour markets do not clear, and thus that unemployment and extreme job inequality are permanent features of modern political economy, then all jobs should be auctioned to the highest bidders. In lieu of this, Van Parijs is led to support, via a series of arguments, an income tax on all earnings at the rate which maximises the tax yield, not excluding income from self-employment and interest and dividends. The result of this long digression is a new justification for the twentieth-century tax state, but with the revenues supporting an unconditional citizens' income. The argument is heavily reliant on modern theories of the efficiency wage and sticky labour markets, and is also buttressed by instrumental arguments for basic income in terms of its effect on labour-market flexibility. Yet the chapter has been necessary for Van Parijs to provide a moral justification for the same end-result in terms of maximising opportunities and real freedom.

Van Parijs then turns to arguments concerning exploitation, which, had he not addressed them, might weigh the dice in favour of capitalism in the last part of the book. If exploitation is defined in its most general terms as 'taking unfair advantage of someone else's work' then it is not at all clear that basic income makes things better and there is a strong intuition that it will make them worse. In the course of addressing this critique he provides a dense and wide-ranging survey of recent theoretical writings on exploitation, extracting where possible their normative implications for basic income. When exploitation is conceived as surplus labour, the ethical implications ('to each according to her labour') are, he concludes, unattractive since it would favour those workers with higher productivity due to better capital endowments. Marx himself saw this principle as inferior to, and eventually to be superseded by, the

principle of 'to each according to her needs'. Van Parijs then takes us through the cerebral pathways of Roemer's theory of exploitation which he (roughly) redefines as follows: A is capitalistically exploited if she would be better off if, *ceteris paribus*, society's means of production were equally distributed. But the *ceteris* cannot be *paribus*, as Roemer recognises. In practice the redistribution would entail costs to efficiency which may well reduce the welfare of the exploited. Real freedom for all is then maximised not by equalising assets and abolishing (Roemer-ian) exploitation, but by reducing it to the point where a less exploitative situation becomes worse off for the exploited (p. 183). Thus Roemer's approach 'effortlessly converges' with Van Parijs's and can lend support to, rather than undermine, the case for basic income.

Van Parijs spends less time confronting the claims of 'justice as desert', which attracts widespread popular support in judgements about small-scale situations. Why should the Little Red Hen share the bread she made with the other animals who refused to help her? One obvious answer is that in the real world people have arbitrarily unequal opportunities to bake the bread in the first place; another is that she must use scarce resources to bake it (including having a job in a bakery). But a basic income funded from taxation on incomes would rectify (to the maximum possible extent) these problems. If the desert principle is weakened to say that income should be positively related to work effort, rather than strictly proportional to it, then a basic income would contribute to that goal. Nastier jobs would be better rewarded, since the least endowed in the job market would have more bargaining power; unpaid labour would indirectly attract some reward, and yet the more you work the higher your net income. The general conclusion is that basic income would reduce the scope of exploitation in society.

Capitalism, socialism and real freedom

In the final chapter Van Parijs turns to consider whether capitalism or socialism would provide the better framework for maximising basic income and thus real freedom for all. They are distinguished in the orthodox way according to the private or public ownership of nonhuman means of production. But private ownership for Van Parijs can include, as well as ownership by capitalists employing waged labour, self-employment and worker ownership in cooperatives - an elasticity which might be thought to give it an unfair advantage compared to socialism. He is all too well aware of the problems in making grand comparisons between entire socio-economic regimes: each entails many dimensions other than property ownership; there is an essential

relativity between patterns of demand, prices and the availability of particular goods; and so on. His solution is to compare a hypothetical capitalism with a maximum basic income with a similar hypothetical socialism. In doing so he relies not only on theory but on the evidence of the twentieth century, a process which raises interesting problems but which cannot, I think, be avoided.

The rival claims of capitalism and socialism as frameworks for maximising real freedom for all are assessed according to two criteria: efficiency and popular sovereignty. As regards the former, the critiques of capitalism which are surveyed include its tendency to enhance preferences for consumption over leisure; the failures of markets; the expansion of unnecessary activities (advertising and surveillance/control costs); its tendency to crisis; and unemployment. In several cases the criticisms are argued to apply equally to socialism, as with environmental costs or control costs. Others are attenuated, he claims, when basic income is introduced; for example, basic income helps labour markets to clear, thus helping to minimise unemployment, and enables people to choose more leisure if they wish. Yet others could be handled with further institutional modifications to capitalism: for instance, some form of incomes policy and/or a 'workers cooperative economy' to handle 'profit squeeze' tendencies to accumulation crisis. On the other side stand the theory and historical evidence about the dynamic efficiency of capitalism. The upshot is that 'it would be very hard indeed to overturn the strong, empirically supported and theoretically motivated presumption in favour of capitalism's superior economic efficiency' (p. 220). It can thus support a higher level of basic income and hence provide more real freedom than socialism.

The arguments around popular sovereignty relate to criticisms that basic income is politically unfeasible or unsustainable in a global capitalist context. Capital can strike or flee the country that ventures down this road, whereas basic income socialism could collectively continue to allocate resources to investment. Even if the level of basic income it could provide is lower than that under capitalism, at least it would be achievable and sustainable. Against this Van Parijs questions whether capital would be so hostile to basic income once its economic benefits were appreciated (the 'new marriage of justice and efficiency'). He also points out that the constraints of international competition will operate on any feasible form of socialism, unless we reverse moves towards a global economy.

Van Parijs concludes by calling for a global basic income: real freedom for all must take the 'all' literally. In the face of profound pressures, constraints and inertia this will require, on the one hand, 'democratic

scale-lifting' - the extension of democracy to supranational, ultimately world, levels - and, on the other hand, the fostering of 'solidaristic patriotism' to motivate the potential net contributors to basic income. The struggle for socialism is a dead end; that for basic income capitalism has all to play for.

Critiques

Opportunities and needs

Having summarised the main arguments, let me now treat each of the three themes of Van Parijs's book in turn beginning with real freedom. He rejects the 'welfarist' argument that freedom is enhanced by enabling a person to do whatever she wants to do, as opposed to whatever she might want to do, on the grounds that this enhancement can be achieved through the appropriate manipulation of her preferences. The 'Rousseau solution', of collectively specifying what are desirable preferences, is rejected as inconsistent with a free society (p. 18). He goes on to acknowledge that real freedom interpreted as the size of a person's opportunity set is very close to Sen's approach. Yet in a footnote he also rejects Sen's suggestion that 'the category of capabilities is the natural candidate for reflecting the idea of freedom to do' on the unconvincing grounds that 'I shall want to contrast permissions and abilities as two sets of factors affecting the size of the opportunity set' (p. 240, n. 45). So any objective metric of welfare is rejected.

Yet as Barry (1997) has pointed out this leads to some perverse outcomes. We have noted that the special needs of people with disabilities can only be identified and compensated if everyone in the society would prefer not to be in that situation. This is simply unjust. 'Any discussion of special needs has an ineliminable reference to a normal level of activity. This level is subject to some sort of collective determination.' However, Barry goes on to say that this level 'may be expected to vary, within certain limits, from one society to another'. This immediately raises the problems of relativism and of perverse societal preferences. In China and some other East Asian societies, people with physical and mental disabilities are regarded as bringing shame on their families and are frequently confined, neglected or even put to death. Are we then to respect these collective preferences? And if 'special needs' can be abstracted from the Van Parijs's individualist framework, why not the 'unanimously recognised necessities' (p. 76) of all of us?

The alternative to the methodological individualism of Van Parijs and others close to rational-choice Marxism, is not an equally flawed

functionalism or holism but a recognition of the social dimension of individual action. In *A Theory of Human Need*, Len Doyal and I argue that physical health and autonomy are universal prerequisites for any person's successful participation in whatever form of life she finds herself in, or chooses to live in. These basic needs can be and are collectively identified on a global scale, though our understanding of them evolves through time. Their satisfaction requires the provision of satisfiers, whose characteristics can be similarly specified. Van Parijs's aim of maximising the real opportunity sets of all people requires, we would argue, the optimal satisfaction of these objective basic needs. Developing an argument that socially imposed duties imply rights, we conclude that there is a powerful case for social rights - specifically, universal substantive rights to the minimum bundle of satisfiers necessary to achieve that optimal level of basic need satisfaction. Such a welfarist approach overcomes the problems which Van Parijs faces in recognising and compensating special needs without succumbing to the utilitarian problem of 'expensive tastes'.

Furthermore, our approach firmly ties rights to duties whereas Van Parijs generally divorces the two. Again, the starting point is that individuals are born and grow in social environments. We all start off as babies and children and learn what we are capable of in interaction with others in social groups. In turn the cohesion and good functioning of such collectivities requires that certain societal preconditions must be met. These include the production of satisfiers to meet individual needs and the care and socialisation of children. Contributing to such productive work is a constitutive activity common to all cultures. Cooperative labour, including unpaid care work, is a defining feature of all social groups above a certain minimum size. The principle that all able-bodied persons should be enabled to contribute, and should then actually contribute, to the common wealth is a powerful component of intuitions about justice. 'Work' is not simply the antonym to 'leisure' and Van Parijs's liberal neutrality between the two is not morally convincing. Participation in universally socially significant activities, including work, is a crucial contributor to autonomy and human welfare. All able-bodied people should have the right - and the duty - to contribute to these productive activities.

Basic income and the welfare state

Basic income is to be contrasted with conditional state benefits. Van Parijs, like many others, assumes these to be means-tested benefits where eligibility is dependent upon the recent or current resources of

the beneficiary. In fact there is another form of conditional benefit far more widespread in the modern world - social insurance, where the benefit is related to both employment status and past contributions paid into the scheme. Both social insurance and social assistance can be more or less hedged around by other categorical conditions, such as those listed earlier. Indeed these categorical conditions also apply to so-called 'universal' benefits like Child Benefit or Disability Living Allowance in the UK. Basic income is unique in doing away with both categorical restrictions (excepting some form of nationality and/or residence qualifications) and means-testing or contribution-testing.

It is agreed by all that basic income would be very expensive. How expensive is strictly impossible to say since its introduction would be an epochal event which would affect most other relevant parameters including the performance of the economy. Purdy (1996) estimates it would require a tax rate of between 33 per cent and 60 per cent. Remembering that all other non-cash government social expenditure, as well as non-social functions, would need to be financed in addition, it is clear that the fiscal feasibility of basic income is, to say the least, uncertain. It would have to provide enormous moral and strategic advantages over current and alternative welfare policies to justify such a risky and costly upheaval.

Let me then consider the advantages over conditional benefit schemes cited by Van Parijs, in particular versions of negative income tax. In doing so, I will draw on a comparative study of social assistance in OECD countries. (Eardley et al., 1996b, ch. 1). In particular, I want to consider whether the Australian model of universal means-tested benefits offers an attractive alternative. Too often comparisons with conditional benefits is based on the US or UK models. But these are but two of seven distinct forms of social assistance we have identified in the OECD world. What we call the US 'public assistance state' - an extensive and interrelated set of means-tested benefits arranged in a hierarchy of acceptability and stigma providing low to very low benefits - is indeed no model to emulate. But in the selective welfare system of Australia (and New Zealand) all benefits are means-tested. If any model can be used as a reference point for the conditional welfare state it is the Australian model.

In brief, Australia provides all citizens with entitlements to a comprehensive set of benefits. These rights are backed by an appeals system which extends to the High Court. The means tests are relatively generous: they provide extensive disregards for assets and earnings and the benefit withdrawal rates of around 50 per cent provide modest work

incentives. The means tests apply to husbands and wives or to couples living together as man and wife, but entitlements and payments are made individually so that each partner can receive half the assessed rate in their own right (since 1995 some tests have also been individualised). Basic benefit levels are relatively generous whether measured in absolute terms or relative to Australian average incomes, and they are roughly equal across groups. Various forms of emergency relief are available to meet urgent needs. Since all benefits are means-tested there is little or no stigma attached to claiming them. Administrative costs amount to 3 per cent of the total social security bill. At first glance, some of the more obvious failures attributable to conditional schemes would seem to be absent in Australia.

To what extent does the Australian model maximise real freedom? There are two clear drawbacks. First, the remaining conditions do restrict options and can involve some intrusion into private lives. Unemployed people must demonstrate regularly that they have actively sought work during the previous fortnight; data matching and risk-based selection techniques are used to target clients known to have a high correlation with incorrect payment who can then be more closely scrutinised. Basic income would avoid all such surveillance. Second, means-testing is, to use Goodin's (1992) term, 'presumptuous' in the assumptions it makes about people's behaviour and preferences. It is vulnerable to both factual error and social change. In today's world of fragmenting labour markets, where people and families mix and match formal work and informal activity, it becomes ever more difficult to track and assess people's means and thus their entitlements. And to the extent that it forces traditional assumptions about work and family on applicants it restricts the opportunities they can enjoy - as does much contemporary social insurance when it presupposes that 'everyone is either in work or is in a stable, long-term liaison with someone else who is' (Goodin 1992: p. 198). Basic income is the least presumptuous income support policy.

These are powerful arguments against existing models of welfare and in favour of basic income. Before looking at the downside let me just point out that these arguments are more strategic or consequentialist than ethical. They play a minor role in Van Parijs's book, dedicated as it is to constructing an ethical defence of basic income.

A crucial and attractive part of Van Parijs's case is that in today's world decent jobs are among the scarcest and most valuable of assets. As White (1996) points out, he is in fact arguing that everyone has a right to a job, to a share of the available employment in society, but he is claiming that

an ethical way of giving substance to this right is to tax job rents and redistribute them as a universal basic income. However, these two stages of the argument are contradictory. A right to work can be justified in two ways: reciprocity and 'brute bad luck'. The first I have argued above - that every able-bodied person has the obligation to contribute to the community's welfare. If this is so it behoves society to enable people so to contribute, whether through productive or reproductive work. The second justification for a right to work is that people should not be excluded from participating in such socially necessary activities through the brute bad luck of lacking external or internal assets. White argues that both these reasons justify giving people a right to work but do not justify an unconditional basic income - quite the reverse. Basic income directly contradicts the principle of reciprocity by giving benefit to those who choose to surf all day. And it is too indiscriminatory to compensate for brute bad luck since the voluntarily unemployed will receive it alongside the involuntarily unemployed. The appropriate policy is then to give all citizens a real right to work and to tie benefits to such participation.

This connects with another critique of basic income. As Goodin recognises, basic income is also presumptuous. It does not fully recognise that the source of income may provide benefits independent of the income itself. Participation in productive activity, as well as contributing to collective welfare, is a crucial component of self-respect, contributes to cognitive development and provides a site for purposeful socialisation. These benefits from participating in socially significant activities are abstracted from in a calculus of choice between work and leisure. Basic income also assumes that, with a few exceptions, cash benefits are superior to citizenship-based social services and that compensation is more important than prevention of disutilities through regulation. In practice a combination of conditional benefits, job subsidies, training and capital grants may well be more desirable. A needs- based approach supports a more mixed package of policies. What is more, in the light of the horrendous expense of basic income, the reality of a generous basic income would be a welfare state impoverished in all other respects.

More generally, basic income advocates are akin to neoclassical economists in their almost evangelical advocacy of a particular policy. Yet so much policy analysis shows that there is no one-to-one relationship between policy instruments and outcomes. It also shows the importance of inherited institutions and political cultures in selecting policy instruments and in affecting their transformation into welfare outcomes.

Institutions do not figure very much in Van Parijs's book, reflecting again the methodological individualism which underpins his work. Above, I deliberately compare the real-world situation in Australia today with what is still a counterfactual model. Such a comparison is unflattering to the real world and I am not advocating the Australian model as it stands or arguing that it suffers no defects. I have done so to show that even in the inhospitable world of the mid-1990s there were alternatives which perform respectably - including by the light of real freedom - and which are fiscally and politically feasible.

Capitalism (s) and basic income

Much of Van Parijs's defence of the potential of capitalism as the best framework for promoting basic income I find persuasive. After 1989 capitalism is 'the only game in town'. But the game can be played according to different rules and here once again institutional precision is required. One of the attractions of basic income to Van Parijs, I suspect, is that it requires less demanding institutional preconditions than any of the alternatives. However, the discussion in the last chapter begins to disabuse us of this rosy view. Basic income capitalism may well require, we learn, corporatist-style incomes policies and/or a 'share economy' along the lines of Weitzman and Meade and/or even workers' cooperatives, where labour employs capital rather than vice versa. The last is a radical development which many of us would not label as a variant of capitalism, but let that be. The problem is that these institutional specifications are bolted on in an ad hoc fashion to basic income capitalism and the complex relations between these elements and others are not addressed. Fair enough, you may feel, at the end of a long and dense book; Van Parijs cannot be expected to deal with everything.

However this institutional indeterminacy is an integral feature of Van Parijs's whole approach. Real freedom focuses attention on opportunity sets and opportunity sets focus attention on a basic cash income. Somehow all the other messiness of contemporary social policy can be subsumed and tidied away with these conceptual tools. Now some supporters recognise the problems here. Purdy (1996), for example, sees basic income, or Citizens' Income, as a regime; 'an ongoing field of debate rather than a settled programme'. But then its distinctiveness from existing welfare policies is muddled and the one-to-one link which Van Parijs claims with the ethic of freedom for all is broken.

If objective human needs are the subject of our enquiry, then the auditing of socio-economic regimes cannot be so one-dimensional. In

a similar exercise to Van Parijs's comparative evaluation of capitalism and socialism I found it necessary to use six criteria (Gough 1994). My conclusion was that a capitalist system which combines state regulation and negotiated coordination between collective actors is the best feasible framework to secure the optimum satisfaction of human needs (though I did not also consider other forms of socialism such as market socialism). Of course my goals and the questions asked differed from Van Parijs's. The point is that the task of evaluating the contribution of socio-economic regimes to ethical goals, whatever they are, is likely to be multidimensional and messy. Similarly the solutions will rarely conform to one policy instrument, whether that be deregulated markets or basic income. This does not mean that the ethical evaluation of socioeconomic arrangements is too hazardous to contemplate. It does mean that in the real world of different forms of capitalism there will be more than one road to its moral reconstruction.

Notes

- 1 In discussing the extent to which Rawls's difference principle endorses an unconditional basic income, Van Parijs also notes that his 'social bases of self-respect' are harmed by stigmatising work- and means-testing (p. 95). But this case for basic income appears not to follow from his real freedom approach. Indeed Van Parijs acknowledges this when concluding that conditional benefits may be more appropriate to compensate for poor internal assets, including difficulty in obtaining work.

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