

16 Reasons Matt Yglesias is Wrong about the Job Guarantee vs. Basic Income

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Slate's Matt Yglesias is out with another caricature of [post](#) on the Job Guarantee (JG) and, guess what? He still doesn't like what he sees. He's all for guaranteeing *income* to people who can't find jobs, but he's opposed to making receipt of that money "conditional on performing make-work labor for the government." As one of the leading proponents of the JG, let me say this for the nth time: THE JOB GUARANTEE IS NOT 'MAKE-WORK.' This is not a reaction to Yglesias but a core principle of the earliest literature on the Job Guarantee (e.g., [here](#), [here](#) and [here](#)). There is no way that anyone familiar with even a sliver of the [vast collection](#) of books, articles, essays, working papers, policy briefs and blog posts on the JG could, in good faith, [continue](#) to claim that the JG is "make-work."

After straw manning the JG, Yglesias expresses his enthusiasm for a Basic Income Guarantee (BIG). He prefers simply handing out money to the jobless because it's not as "messy" as the JG. (I've already [argued](#) why such objections should not be taken seriously). But more importantly, like many BIG advocates, he assumes that the BIG will magically solve the fundamental problem of economic insecurity.

Here are sixteen reasons why this assumption is wrong.

MACRO ISSUES

1. Yglesias may not realize it, but all serious academic support for BIG is based on the idea that many people will quit working (this is considered desirable in order to eliminate bad jobs and ultimately 'decommodify' labor; e.g. [here](#) and [here](#)). So the goal is to reduce the supply of labor and reduce production.
2. JG provides a "good job" alternative to people who work in "bad jobs". When private employers want them back, they have to provide at least the same or better living wage-benefit package and work conditions offered in the JG. JG sets the labor standard.
3. Under BIG, production drops, consumption rises, and so do prices. Suddenly, the value of the BIG grant has been eroded. Great success: the poor are still poor.
4. Under JG, employment rises, socially useful production rises, and (as we have argued many times) some of that production is dedicated to the benefit of the poor, providing goods and services at the local level that the private sector has not provided, and thus it absorbs part of the wage. In other words, both supply and demand rise.
5. Coupled with its countercyclical mechanism, JG is an inflation stabilizer (not an inflation generator, like BIG). We've modeled this many times (see [here](#), [here](#), [here](#)). Inflation from other sources is, of course, possible (runaway bank lending, speculation, oil shocks etc.—

all are separate issues.)

6. BIG is not countercyclical. It's universal, unconditional, but does not fluctuate with the business cycle. JG is a direct response to recessions and expansions.

7. There is no mechanism by which BIG can ensure full employment over the short or long run. Only the JG can.

8. In short, BIG doesn't deal with price (orcurrency) stability, useful output, or any of the negative externalities from unemployment.

POVERTY

9. As Amartya Sen taught us, poverty is not just a function of lack of adequate income. Providing income alone does not eliminate poverty.

10. The poor and the unemployed *want to work* ([here](#), [here](#)). And as my work on Argentina [showed](#) (9m14s), receiving income is the **fifth** reason why the poor wanted to work! Why do BIG advocates presume to know what's better for the poor than the poor themselves? BIG does little for those who want to work.

11. There is almost a 'neoclassical market equilibrating assumption' behind most BIG analysis that says: "as long as people have cash, the market will magically provide the goods for them, allow them to acquire assets, provide them with the freedom to do what they please, etc. etc." If the market hasn't solved these problems now, why would it do so just because people get cash? All structures that marginalize, reduce opportunities, and discriminate remain. JG is not a panacea for all these problems, but it deals with one crucial and *systemic* aspect of marginalization – the absence of guaranteed *decent* work.

12. Amartya Sen also taught us that what matters is not just freedom, but *substantive* freedom. That is, policy has to 1) recognize what individuals themselves want and value; 2) it must provide these opportunities; and 3) it must remove obstacles from taking advantage of these opportunities.

13. The JG does precisely that: recognizes many people want paid work, provides the job opportunity, and removes obstacles from taking the opportunity by targeting the jobs to the communities, and providing the very services that one might need in order to take care of these opportunities (education, transportation, care etc., etc.).

14. BIG may lull the recipients into a false sense of security. Once the BIG grant proves inadequate to liberate the poor from their poverty, and the poor decide to search for better paying jobs and opportunities, they will not be there. Just like they aren't now. As research has shown the mark of unemployment is devastating and unemployment breeds unemployability.

15. Again, many BIG bloggers are not familiar with even the basic BIG literature. There is such a thing called 'participation income' and 'civic minimum' in serious scholarly work (Atkison 1995 and White 2003, respectively)—an idea that society is built on the principle of reciprocity. Society provides you with a basic income; you reciprocate by participating in

socially-productive activities. This is exactly what the JG does. No matter what Yglesias says, it is not based on the coercion principle of workfare, but rather on the principle of participation.

16. I find it ironic that we have to debate each other. BIG and JG stand on much the same principles. Let policy provide an opportunity to all to perform socially useful activities on the 'participation principle' through the JG, while supporting those who cannot (the young, retired, disabled, with onerous care burden) and we have a stronger, more stable economy that creates socially useful activities that serve the public purpose.

Yes, sending a check to people is not as "messy," but let's stop pretending that it's a panacea for the fundamental problem of economic insecurity.
