

The Basis of Voluntary Trade

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Abstract

The article discusses the conditions under which can we say that people enter economic interactions as free individuals. Section 1 defines freedom as effective control self-ownership, which requires that individuals have the effective power to control their relationship with others. This status requires some level of economic independence. Section 2 discusses theories of human need by Nussbaum and Doyle and Gough to determine the amount of goods a person has to have to be independent. Section 3 argues that a sufficient level of post-trade functioning does not ensure that individuals enter trade as free persons. Section 4 considers what form access to human need should take—in cash, kind, or raw resources. Section 5 concludes that an unconditional basic income is needed to ensure effective control self-ownership in a modern, industrial economy.

The Basis of Voluntary Trade

In 1865, near the end of the U.S. Civil War, General Sherman met with a group of freed slaves in recently liberated Savannah, Georgia. He informed them of their rights under the emancipation proclamation and asked what they needed to secure their freedom.

The group chose as its spokesman Garrison Frazier, a Baptist minister who had purchased the liberty of his wife and himself in 1856. Asked what he understood by slavery, Frazier responded that it meant one person's "receiving by irresistible power the work of another man, and not by his consent." Freedom he defined as "placing us where we could reap the fruit of our own labor, and take care of ourselves;" the best way to accomplish this was "to have land, and turn it and till it by our own labor" (Foner and Brown 2005).

General Sherman ordered the distribution of land seized from plantations in the area to many of the freed slaves. By the end of the year, the Federal government had decided to recognize the prewar property rights of former slave owners. It forcibly evicted the former slaves from the land Sherman had designated for them (Foner and Brown 2005). Many of them found they had no other choice but to work for their former masters, taking the least desirable and lowest paying job. Some of their descendents have remained in service to their masters' descendents for generations.

Is it accurate to describe the freedmen's acceptance of jobs for their former owners as "voluntary trade?" No? What then is voluntary trade?

Voluntary trade is perhaps the most basic concept in economic theory. Not only is the promotion of freedom through voluntary exchange one of the most forceful justifications for a market economy (Sen 2002, pp. 501-502), but also almost every economic evaluation in the neoclassical lexicon relies on the belief that market exchange is accurately characterized as voluntary trade among free individuals. The market price equates benefit and cost because (among other assumptions) consumers and producers are free to trade or to refuse trade. This same assumption underlies everything from cost-benefit analysis, to the welfare and efficiency advantages of the market, and all the way up to the value of the Gross Domestic Product. If some economic actors are forced participants, the value of these results is diminished to say the least. The effects of propertylessness on workers' ability to refuse unacceptable offers has been recognized since (Smith 1776 [1776], book I, chapter 8, paragraph 12), but little attention has been paid to the minimum requirements for effective freedom. All economic agents in the United States have been nominally free since the late 1860s, but economists have paid little attention to whether nominal freedom is matched by genuine, effective freedom. What are the minimal conditions of a free person? If they were not met for freedmen in post-Civil War America, are the conditions of disadvantaged Americans substantively different to make them free?

I have elsewhere argued that voluntary interaction requires that all participants have the status of free persons, in the sense of effective control self-ownership (ECSO freedom): The effective power to make and refuse voluntary agreements with other

people (Widerquist 2006). A person who controls her actions with others is free; a person whose interactions with others are forced is unfree. To be forced means to have no reasonable or acceptable alternative, not to have no alternative at all (Cohen 1988, Chapter 12). That is, if the alternative to x is thoroughly bad in an absolute sense, the choice of x is forced. For example, a drowning man asks a man on a pier to throw him a lifesaver. The man on the pier says, “What’s in it for me?” The drowning man has the nominal right to refuse but he has no reasonable or acceptable alternative to agreeing to whatever the man on the pier demands. He has no effective power to refuse and therefore, he does not enter that exchange as a free person (Widerquist 1999). Competition among people on the pier might help him but it does not make him free.

The question for this article is under what conditions can we say that people enter economic interaction as free individuals in the sense of ECSO freedom? What kind of starting point do market participants need to be sufficiently different from the drowning man that they can be considered to be acting voluntarily? What level of functioning constitutes an alternative that is not thoroughly bad in an absolute sense and in what form of access should they have? Should an individual have access to raw resources, in-kind finished goods, or cash to attain that functioning? A full discussion of whether a person has a right to the status of a free individual or the property necessary to secure that status is beyond the scope of one article (Widerquist 2006). This article approaches these questions on the assumption that each person who is capable of effective control self-ownership has the right to noninterference with that status,¹ which includes interference of a government assigning property rights in natural resources to other individuals.

¹ Clearly, children and the mentally incompetent are incapable of having effective control self-ownership, but I will put that issue aside.

Section 1 discusses briefly discusses the importance of freedom as effective control self-ownership. Section 2 discusses theories of human need by Nussbaum and Doyle and Gough to determine the amount of goods a person has to have to have an acceptable alternative. Section 3 argues that a sufficient level of post-trade functioning does not ensure that individuals enter trade as free persons. Section 4 considers what form access to human need should take—in cash, kind, or raw resources. Section 5 concludes that an unconditional basic income is needed to ensure effective control self-ownership in a modern, industrial economy.

1. Nominal freedom and effective control self-ownership

Some freedoms more important than others, “Some freedoms limit others; some freedoms are important, some trivial, some good, and some positively bad” (Nussbaum 2003, p. 33). This section argues for the importance of effective control self-ownership as the core freedom that gives an individual the status of a free person. It presents a series of examples illustrating that nominal self-ownership is valueless without at least some measure ECSO freedom.

Suppose you visit Gilligan’s Island. Mr. Howell shows you around, and says, “On the west side of the river, slavery is allowed. There is Mrs. Howell, and her slave Mary Ann, who does any work Mrs. Howell commands. She eats only what Mrs. Howell gives her. She sleeps in a cage at night. Mrs. Howell whips her if she disobeys, and if she is very disobedient, Mrs. Howell throws her into a hole until she is so hungry that she begs forgiveness. Mary Ann has no self-ownership. It’s barbaric and we don’t do that sort of

thing on this side of the river. Now meet my servant Gilligan.” You notice that Gilligan does any work Mr. Howell commands. He eats only what Mr. Howell gives him. He sleeps in a cage at night. Mr. Howell whips him if he disobeys, and if he is very disobedient, Mr. Howell puts him in a hole until he is so hungry that he begs forgiveness. You ask, “In what way is Gilligan free?”

Mr. Howell replies, “He has full, nominal self-ownership. He merely lacks property. The hole is the only piece of public property on this side of the island. If he doesn’t like being in the hole, he must agree to my terms as property owner. All of our interactions are mutual agreements between people with full nominal self-ownership—and he’s completely free of taxation!”

Gilligan and Mary Ann’s situations are virtually identical, which illustrates that nominal self-ownership or self-ownership has no value without at least some effective control self-ownership. Mary Ann has no legal right to refuse Mrs. Howell’s orders, and can be punished for doing so. Gilligan has the legal right to refuse Mr. Howell’s orders, but if he does, the laws of property in his society put him in a situation that is as thoroughly bad as Mary Ann’s situation. A society that protects self-ownership without protection effective control self-ownership protects something of no value.

The humane treatment of slaves or effective slaves does not make them free persons. Suppose the island’s government passes a fair labor standards act proscribing humane treatment for Gilligan. The act proscribes how many hours per week people can work, how difficult or unpleasant the work may be, how much they must be fed, what sort of activities they must have available in their work hours. It proscribes that Gilligan’s deprivation for refusing to cooperate must also be humane. Perhaps he cannot be put in a

hole, but must be allowed to sleep by the side of a public street and that he may beg for food or eat from garbage cans. These laws improve his life, but these laws do not make him free. Freedom is about choice. Humane treatment is valuable, but it does not equal freedom. Gilligan's service is still the result of force.

It is ineffective for Mr. Howell to defend his position by saying that any redistribution of property toward Gilligan will interfere with Mr. Howell's freedom. The establishment of Mr. Howell's property rights involves interference with Gilligan. A detailed theory of property is beyond the scope of paper (see Widerquist 2006), but it is enough to note that property rights interfere with Gilligan's ability to maintain his own existence.

Some people would argue that the critical element that makes Gilligan unfree is that Mr. Howell is his only possible employer. Friedman (1962, pp. 14-15) argues that a person who has no choice to work and no choice of employers is unfree, but a person who has no choice to work but a choice of employers is free in the relevant sense. But a choice of masters does not turn a slave into a free person. Suppose Mr. Howell clones himself several times over so that there are now 10 Mr. Howells. Each one has property abutting the hole where Gilligan is allowed to be if he refuses to work. He can now choose to work for any one or any combination of the Howells, but he must work for one of them or go back to the hole. It just so happens that none of them are willing to treat him any better than the one Mr. Howell did in the original example. He cannot refuse; his choices are not meaningful; he is no less an effective slave than before. Because he has no acceptable alternative to the entire set of offers, his interaction with the others *as a whole* is forced even if he is not forced to accept any one of them.

Perhaps competition among the Howells will increase the price of labor to a point at which Gilligan is well paid. Even if competition increases the price of labor to the point at which she would accept the offer if she were free to refuse it, he is not free of the Howells. He must pursue their goals and their terms, *whether or not* those terms and goals are acceptable to him. None of the Howells is personally the cause of Gilligan's situation, but his situation is the result of the interference of laws enforcing such broad property rights. The Howells might not be aware of Gilligan's predicament or its cause. Nevertheless, as a group, their domination of resources makes him unfree to refuse participation in their projects for their goals on their terms. If Gilligan has an income or direct control of a sufficient amount of resources to secure his economic independence, he is free and his choice to cooperate with others is genuinely unforced.

Of course, propertyless people in the industrialized world are not forced into holes, but they can be forced to live on the street, to beg for food, and to eat other persons' garbage. Waldron (1993) argues, the homeless are not merely needy, but unfree in some of the most important ways. The homeless have the nominal right to freedom of speech and belief, but they lack the freedom to sleep, eat, and urinate without asking someone else's permission. These *are* freedoms in the most liberal, negative, noninterference sense (Waldron 1993). There is only need to consider these as positive freedoms if one takes for granted the preexisting legal assignment of property rights in natural resources which does not follow from the voluntary of agreement of those made unfree by it (Widerquist 2006). Most homeless people are perfectly capable of building homes. They cannot build homes because the laws of the state assign ownership of every natural resource to someone else.

Without the basic freedom to have a place to sleep, eat and urinate, the freedom of speech and the freedom of belief are hollow; they exist in name only and are useless to a person with no place to exercise them or to a person who is too concerned with the struggle to survive to exercise them (Waldron 1993). Waldron's argument doesn't mean that a government need not bother with freedom of speech if its people are poor, but it does mean that respect for freedom of belief is no excuse to ignore the liberties that the homeless lack.

If homelessness is thoroughly bad in an absolute sense, market participation is forced, and a society using homelessness as its ultimate work incentive cannot be characterized as a "voluntary trade" economy. The fear of avoiding this status puts a level of desperation (and therefore a limit to the voluntariness and a level of unfreedom) on the decisions of anyone who is faced with the propertylessness unless they agree to work for others to attain the access to the goods they need for survival. This lack of freedom, the burden of continually needing to satisfy conditions imposed by others to maintain one's existence, is more apparent and more pressing for those near the bottom of the economic spectrum, but it exists to some extent for all those who have to keep the customer satisfied to maintain their basic existence.

Slaves in pre-Civil War America were legally unfree, and freedman in post-Civil War were legally free but effectively unfree because they had no choice but to work for their former owners. The British Colonial government in Northern Rhodesia in the early Twentieth Century made natives unfree by taxing the building of huts. The tax was designed to give natives no choice but to work in the mines (Lamb 2005). Economically destitute people in New York City in the early Twenty-First Century are unfree to build

huts because they own nothing unless they accept work, because the state designates anything they might want to build a shelter out of as the property of someone else. All of these people are unfree because their alternative to doing what they are told is thoroughly bad in an absolute sense. The severity of their alternatives and the mechanisms used to put them in this position are different, but none of them have an independent alternative that reaches a level at which their market participation is genuinely free and unforced. What level of independent functioning does a person need to ensure their participation is unforced? Section 2 takes up this question.

2. Human need

To determine the level of independence a person needs to maintain the status of effective control self-ownership, I examine the theories of human need proposed by Martha Nussbaum (1995) and by Doyal and Gough (1991). These theories, build on Sen (Sen 1985; Sen and C 1993; Sen 1997 [1973]), who in turn follows a tradition going back to Aristotle (Walsh 2000, pp. 13-16). I focus on these two theories because they succeed in deriving a specific list of needs from broad human objectives, and as Nussbaum argues, a focus on human needs is an essential guide to understanding which freedoms are most important to protect (Nussbaum 2003, p. 417).

Although the two theories begin with very different approaches, they finish with a great deal of overlap (Gough 2003). Doyal and Gough (1991, pp. 155-159) derive specific needs from two broad, basic needs that exist in any culture: physical survival and personal autonomy.

Physical survival	→	nutritional food and clean water
		protective housing
		safe physical and work environments
		control over reproduction
		appropriate health care
Autonomy	→	secure childhood
		significant primary relationships
		physical and economic security
		appropriate education
		safe birth control and child-baring

Thus, from two very basic, universal needs, they come up with a list of needs that can be satisfied in many different ways in different societies. The type of housing needed by a South American farmer is very different than that needed by Alaskan miner. The type of education needed by Amazonian tribal natives is very different from that needed by New York citizens, but they both fulfill the same goal of providing for the autonomy and survival of individuals in each society.

Nussbaum (1995, pp. 83-86) proposes a list of ten basic human functional capabilities:

1. Being able to live to the end of a complete human life, as far as is possible; not dying prematurely, or before one's life is so reduced as to be not worth living.
2. Being able to have good health; to be adequately nourished; to have adequate shelter; having opportunities for sexual satisfaction; being able to move from place to place.
3. Being able to avoid unnecessary and nonbeneficial pain and to have pleasurable experiences.
4. Being able to use the five senses; being able to imagine, to think, and to reason.
5. Being able to have attachments to things and person outside ourselves; to love those who love and care for us, to grieve at their absence, in general, to love, grieve, to feel longing and gratitude.
6. Being able to form a conception of the good and to engage in critical reflection about the planning of one's own life.
7. Being able to live for and with others, to recognize and show concern for other human beings to engage in various forms familial and social interaction.
8. Being able to live with concern for and in relation to animal, plants, and the world of nature.
9. Being able to laugh, to play, to enjoy recreational activities.
10. Being able to live one's own life and nobody else's; being able to live one's own life in one's very own surroundings and context.

Gough notes that the two lists are nearly identical; every item on either list has some equivalent on the other except for play and concern for nature, which appear only on Nussbaum's list (Gough 2003, pp. 12-14). Both lists are comprehensive enough that it is fair to say that a person who is these capabilities (or blocked from the opportunity to provide them herself and her family) has a life that is "thoroughly bad in an absolute sense."

Neither of these lists include every good that is instrumental in securing these functionings. For example, neither list includes military or police protection or public spaces, and Nussbaum's list does not specify education although it is important to securing functionings 4, 6, 9, 10, and to some extent all of the other functions. But the goods that satisfy these needs vary so much with circumstances that it would be impossible to list them all in any conclusive way.

For my purposes, it is helpful to group these capabilities into three broad categories. This is not a new theory of need, but simply a categorization of the needs listed in these two theories.

1. **Access to the goods or resources necessary to secure life and health:** nutritional food, clean water, protective housing, safe physical and work environments, appropriate clothing, a healthy environment, and appropriate health care (Nussbaum's 1, 2, 3, and 8; Doyal and Gough's physical survival and physical and economic security).
2. **Access to noneconomic interaction with other willing people:** the need to form meaningful relationships with others; requires civil rights, and access to

transportation, communication, and public spaces (Nussbaum's 5, 7 and the sexual and transportation portions of 2; Doyal and Gough's significant primary relationships).

3. **General access to resources:** being able to use the five senses; being able to imagine, to think, and to reason, being able to form a conception of the good and to engage in critical reflection about the planning of one's own life, being able to laugh, to play, to enjoy recreational activities, being able to live one's own life and nobody else's; being able to live one's own life in one's very own surroundings and context (Nussbaum's 4, 6, 9, 10, and related to Doyal and Gough's autonomy and security and significant primary relationships).

The first of these categories is the need for the goods (or the resources with which to produce the goods) that secure survival and health. Many, if not all of these goods, could be produce better in cooperation with other people than on one's own but human cooperation to satisfy this category of need is instrumental to securing the goods.

The intrinsic need to interact with other people is captured by the second category. Some goods (such as transportation, communication, and public spaces) are instrumental to forming personal relationships just as cooperative relationships can be instrumental to producing goods, and in many cases a relationship can have both inherent and instrumental value at the same time, but it is important to understand the difference between the two motivations for human interaction. The first category of need can be fulfilled by access to goods or resources, but the second category of need primarily requires access to other people. The government cannot guarantee personal interaction

with individuals. It can guarantee the goods necessary to facilitate person interaction and the civil rights people need to interact with other willing people, but it cannot guarantee that others will be willing to interact. Therefore, the government can directly secure the first category of need, but it can only secure access to the second category.

It is important that neither of these theories limit needs to the purely physical needs of category 1. Theories of basic needs from Aristotle thru Kant, Smith, Marx, Sen, has not been confined to bare physical survival (Walsh 2000, p. 16), and such a limit would certainly be inadequate for the purpose of defining an acceptable independent option. Physical survival does not encompass human need. Prisoners have their physical needs met, but there are intentionally denied access for interaction with others and for control to form their own lives as they choose. Prison is designed to be a thoroughly bad alternative to breaking laws. An alternative that provides just enough resources to meet one's physical needs, but makes it impossible or extremely difficult to form relationships with others, to think, to imagine, to plan a conception of the good life, or to live a life of one's choosing in one's own surroundings is thoroughly bad in an absolute sense—although it is not as immediately distressful as one that denies physical needs.

The third category can be summed up by a person's need for access to resources to use in achieving her conception of the good life. This category of need encompasses anything a person might need to do with goods and resources other than secure her physical survival and maintain relationships with other people. This category is an elastic clause because it is much harder to determine when the need is satisfied. The more resources a person has, the greater her ability to direct them toward her conception of the good life, but I don't see a way to say exactly how much is enough to plan a conception

of the good life. However, the difficulty of determining a cutoff point does not make the problem insoluble.

The problem is made easier by using currency as a measure, which is made possible by Sen's (1993) division of "functional capabilities" into "functionings" and "capabilities." Functionings are parts of the state of a person, particularly the various things that she manages to do or be in leading a life. Capabilities are the alternative combinations of functionings from which a person can choose (Sen 1993, 32). As long as the people in question are competent adults (or have competent guardians), it is not necessary to focus on their functionings but on their capabilities, making the use of a money measure possible:

As long as minimal capabilities can be achieved by enhancing income level (given the other personal and social characteristics on which capabilities depend), it will be possible (for the specified personal and social characteristics) to identify the minimally adequate income for reaching the minimally acceptable capability levels. Once this correspondence is established it would not really matter whether poverty is defined in terms of a failure of basic capability or as a failure to have the *corresponding* minimally adequate income (Sen 1993, 41-42, emphasis and parentheses original).

Sen is, of course, aware of the limits of using money as a measure of capabilities (Pressman and Summerfield 2000, p. 100-101), but it is a useful proxy, and an important limitation on potential paternalism. As Sen (2002, p. 5) argues, "freedom cannot be fully

appraised without some idea of what a person prefers and has reason to prefer.” Others have pointed out doing so has an element of perfectionism, but the effort is necessary for the liberal goal to promote human ability to thrive and make choices (Deneulin 2002). Using capabilities as a guide to the level, but leaving people as free as possible to choose the means helps to avoid the potentially oppressive pitfalls of perfectionism. The use of a money metric can be helpful in leaving people free to decide the means.

Access to the first category of need can be measured fairly well in money. Access to the second can be assured by civil rights and by freedom to interact with others, along with the ability to reach and interact with others, which requires some goods such as transportation, communication, and public spaces. The third category of need is difficult to measure in money even if it can be largely secured by money. However, once a competent adult assures her family’s physical survival, she can direct any additional resources to achieving these functional capabilities. Therefore, an income that is safely beyond serious pressure on physical needs (of nutritional food, clean water, protective housing, safe physical environment, control over reproduction, transportation, and appropriate health care) gives her at least some ability to reflect, play, and live her own life.

Sharif (2003) estimates the level of income that satisfies basic needs by examining the work behavior of families in lesser developed countries. He finds a point of distress at which reductions in wages cause entire families including children to forego physical rest so that they can increase their hours of work to maintain consumption as wages fall. Total income, at the point where this behavior begins, “can be considered to provide an estimate of their subsistence—the lowest income free of distress” (Sharif

2003, p. 76). As difficult it is to determine an exact cutoff point, it is possible to say that a person who is constantly struggling to keep her family fed, sheltered, and safe does not have her needs met, and a person who has safely more than enough so that they are clearly not struggling for these needs has the ability to direct the surplus toward planning their conception of the good life. If people without special needs have enough so that adequate housing, clothing, transportation, food, education, and healthcare are not pressing needs, they can put what is left over toward pursuing relationship with others and their conception of the good life.

However, the money measured to secure safety from immediate distress is not everything. People might not be desperate to obtain some kind of housing and food, but the quality could be so low that it fails to meet their needs. How can we be sure that the available goods are of adequate quality? For this problem, we would have to keep an eye on statistical measures. If a significant number of the poor have food and shelter but suffer from malnutrition, accidents, the cold, infant mortality, epidemics, etc., their needs are not adequately secured.

Levine (2004) argues against the use of money as an indicator of poverty. He equates both poverty and unfreedom with the lack of opportunity to work creatively using one's mind to shape the world. This element, I believe, is captured by Nussbaum's capabilities for thinking, forming a conception of the good living one's own life, and forming meaningful relationships with others. It is a mistake for Levine to imply that creativity is *the* essential element to poverty and that creative work is something that is only possible through paid employment. A person could have a boring job or no job and do fulfilling creative work in her off hours. Thus, income and education do give a person

at least some capability for creative work. Levine is right, however, to emphasize opportunity. A society that allowed a person the power to refuse employment, but denied her equal opportunity to find creative work in the marketplace would make her less than fully free. Yet, the freedom from forced participation in the market place could be an important means to forcing society to provide creative and worthwhile employment opportunities.

3. Conditional capability

Using the concept of capability rather than functioning allows a focus on income rather than goods actually consumed, but it does not (in this context) allow a focus on opportunities to earn income rather than actual income. A society with full employment in which everyone who accepts a job reaches this level of functioning can say that every individual has the capability of meeting her needs, but it says nothing of whether people voluntarily accept those conditions. And it is not necessarily a society that secures everyone's freedom in the sense of effective control self-ownership. Remember that ECSO freedom requires that each person has a secure level of functioning at the *outset* of interaction with others without fulfilling conditions imposed by others. Although a person who has the opportunity to earn income by fulfilling some conditions is capable of having that that level of functioning, that person is neither free of the conditions nor free to negotiate the conditions in a meaningful sense. Therefore, an economy of free individuals participating in voluntary cooperation requires that everyone has a minimum level of *pre-trade* property, enough that each of them has the capability to secure independence. An

assured level of post-trade functioning allows the ruling coalition to set conditions that might be unreasonable in the eyes of those who are thereby forced to fulfill them whether or not they agree, violating the principle that motivated this examination of need.

4. Unconditional capability in cash, kind, or raw resources

Physical needs and general access to resources can be secured with an unconditional basic income. That is a regular, unconditional income granted to everyone without a means test or a work requirement. If everyone has a basic income large enough to secure their needs, they join cooperative agreements with others voluntarily and as free individuals rather than as force laborers. Basic income can create the level of economic independence needed to secure ECSO freedom, but it is not necessarily the only policy that can do so. Most of the capabilities needed to secure independence could be assured by access to raw resources or to in-kind, finished goods. This section argues that an unconditional basic income in cash is the most effective policy to secure the necessary level of economic independence in a modern, industrial economy.

3A. In kind

At least some of the needs on this list need to be provided in kind. Childhood education and public spaces almost have to be provided in kind. Most nations have found it more feasible to provide healthcare in kind, although there is no a priori reason why it would be impossible to ensure everyone an income large enough to buy private

insurance. However, most of the goods necessary to secure life and general access to resources are difficult to supply in kind. Living one's own life is personal; it is different for everyone. The individual might decide to make due with slightly worse housing for slightly better food or slightly worse of both to use resources to achieve some other centrally important goal. A rigid system of in-kind benefits would keep individuals from making those decisions, and reduce their ability to control of their lives. In-kind benefits rather than cash benefits could be misused by society if it was intended to segregate or to stigmatize recipients, and it would leave individuals less free to control their lives and to decide how best to achieve their capability.

3B. In raw resources

The case for raw resources is plausible. The argument that propertylessness as unfreedom relies on the premise that the assignment of property rights interferes with others access to natural resources. It is one thing to argue that a no one should interfere with one person's access to enough resources to meet her own needs, but it is quite another thing to argue that other people have a responsibility to provide with enough services to secure their independence even if they do not work for it themselves. Can that claim based on natural resources be transformed into a claim for cash, which is largely a claim on human services?

It is conceivable that raw resources could secure independence sufficiently to preserve ECSO freedom. Imagine an economy with common lands or an agrarian freeholder economy, in which everyone had their own plot sufficient to grow their own food, collect firewood, and build a house. These people would enter trade with secured

economic independence. Is there a realistic possibility that a modern, industrial society could preserve independence with this kind of system? Would a revival of the U.S. Homestead Act secure effective control self-ownership? This section offers five reasons why this is not a workable solution, and why an unconditional basic income is necessary to preserve ECSO freedom in a modern, industrial economy.

First, the greatest problem with granting raw resources is not an ethical problem but a practical one. Social cooperation is far more efficient than individual production. It takes far more raw resources for a single person to produce enough goods to meet her own needs than it takes to have those needs met through social cooperation. Therefore, society can much more cheaply maintain individuals' independence with finished products than with raw resources. The United States gave up the Homestead Act decades ago because it ran out of land to give away, not because people were no longer interested in land. The state can, at a much lower expense, grant an income sufficient to maintain everyone's basic functional capabilities. New York City could hardly grant land and materials to the 40,000 people who seek beds at its homeless shelters every night, but it could much more cheaply support their income. If society were to attempt to do so it would have to spend money to redirect its educational system to prepare people to live that sort of life. This expense argument, if successful, transfers a claim to noninterference to a claim for positive services: Society may not interfere with any individual's access to the resources she needs to secure her needs independently. Society has done so but can more affordably return cash than access to a sufficient amount of resources. Therefore, it must give them access to enough income to secure their economic independence.

Second, the provision of raw resources rather than cash is likely to be motivated by the desire to punish people for the refusal to participate in social cooperation rather than by the desire to leave them outside of it. Suppose that there was one available piece of land on which a person could produce her basic needs and live a satisfying life in a remote location that people could take advantage of if they were willing to migrate and learn the necessary way of life. Such a policy would force anyone who wanted to take it up to leave the land of her birth and give up the personal attachments she has made throughout her life. That constitutes an attempt to deny individuals the second category of need (access to noneconomic interaction with other willing people). It is one thing if all the other individuals decide independently that they are not willing to have noneconomic interaction with someone who doesn't cooperate in a joint social project, but quite another for the government to interfere with people's desire to interact. This policy amounts to denying a person the second category of need to get her to accept conditional access to the first and third categories of need.

Third, raw resources would not provide secure independence for people who participate in the economic system. The skills necessary to live such a life are so different from those that are important in mainstream, modern society, that no one could take advantage of that option without dedicating a large portion of their lives to it. People could not move back and forth between participation and nonparticipation, and it would, therefore, leave those who chose participation without secure independence. Much of the economic distress that threatens people's independence in modern societies comes temporarily or at least unexpectedly in economic downturns. A raw resources policy would essentially offer individuals a one-time choice between an independent life at a

very low standard of living and no access to the benefit of social cooperation, and dependent life with access to social cooperation. If the arguments I have put forward in Widerquist (2006) are correct, this policy essentially offers them the freedom to sign a contract for indentured servitude. It is very dangerous for society to an individual, “we will only let you join and share the benefits of social cooperation if you permanently give up your status as a free person.”

Fourth, many different kinds of social organization are possible with a given level of technology (e.g. capitalism with different forms of market regulation and property rights or socialism with different market elements and different systems of reward). A person or group could object to any one system of organization without necessarily preferring solitary production to any of them. An unconditional basic income could be more effectively used by a group of dissenters to create a pocket of their desired system within the larger system. That opportunity would help produce their independence and to make sure that the overall system had the maximum opportunities for people with different desires for social cooperation. But at the very least, the raw resources would have to be tradable to make different kinds of independent uses possible.

Fifth, if the arguments above are correct, raw resources have to be given locally and flexibly to preserve the independence of people who participate in the economic system and to avoid punishing those who don't, and they must be tradable to give people who choose to use raw resources the flexibility to put their resources toward whatever lifestyle they choose. If so, the raw resources could be traded for cash far more valuable than a basic income guarantee. If New York City granted each homeless person ownership of just a few acres of local land, they would have made them all millionaires.

Therefore, the case for raw resources is unworkable in a modern, industrial economy, and effective control self-ownership requires that redistribution be composed largely of unconditional cash benefits. Suppose, the island is an agrarian economy in which everyone has private resources that they can use to provide their own needs (a freehold). There is a social project to maintain public spaces and public goods, and people are free to make or refuse any kind of bilateral cooperative relationships they want. One day Mr. and Mrs. Howell come along and propose a new joint project called “modern industrial capitalism.” Under this proposal Mr. and Mrs. Howell (the capitalists) will own all productive resources. Everyone else and their offspring will begin life owning nothing, but they can attain something by working for the capitalists. The Howells present convincing evidence that this system can greatly increase the standard of living. After trading, most people who get the jobs, and submit themselves to the goals of pleasing people who already own property will be able to consume much more than they could in an agrarian system. However, those who refuse will be given the status of homeless in which they will have to sleep in public places, ask others for charity, and consume the waste discarded by everyone else. Clearly that offer asks them to give up their effective control self ownership. In other words, modern industrial capitalism with a pre-trade starting point of zero is inconsistent with a society of free individuals, but that failing can be fixed if everyone has a pre-trade starting point that in which they can meet their own needs.

Everyone else makes a counter offer to the Howells. They ask if they can have modern industrial capitalism while they all hold on to their freeholds as an insurance to make sure everything in capitalism works out to their advantage. They will work their

freeholds in their spare time, and whenever their not busy with capitalism. That way each of the islanders can enter capitalism with as much freedom as they could have as an agrarian freeholder, and that policy ensures that they will be able to refuse any cooperative project they agree to will make them better off than they could do on their own and are not the result of duress. But the Howells sit them down and explain that you can't have modern industrial capitalism while everybody holds onto a freehold. They need that those resources for cities with factories and apartment buildings and large agricultural operations where ten works produce enough food to feed 1000 people, a few dozen more produce enough necessities for the whole town and everyone else can produce luxuries so that there will be far more wealth available for the whole society. It sounds great, but the risks of capitalism threaten the core of what makes them free people.

Mr. Howell responds that they are free because they have a choice right now. Everything that follows from this choice is therefore the result of a freedom. But a society that gives individuals a once-in-a-lifetime choices between freedom at a low standard of living and sacrificing their freedom for a higher standard of living. If given such a difficult choice, some people might choose to give up their freedom for a higher standard of living, but if they do they will not be free again. A choice that asks a person to choose between her freedom and something else is not a free choice. Modern societies do not allow people to sign contracts explicitly giving up their freedom, but they deny people the right to property they need to maintain freedom.

How can the Islanders have modern industrial capitalism without sacrificing ECSO freedom? There is a way. They can assure every individual a basic income

guarantee (BIG): a small unconditional income sufficient to cover their basic economic needs as defined above. The motivation for the basic income guarantee is not that modern city dwellers necessarily wish they were subsistence farmers or hunter gatherers, but individuals should not have to give up the freedom they could have as individual producers to enter modern industrial society: they should not have to give up the ability to secure their existence without subordinating themselves to someone else's project to enjoy the opportunity to participate in a modern economy.

Conclusion

This article has put forth a theory of the default conditions a person needs to make a voluntary decision to enter the labor market. I have argued that voluntary trade requires that people have an unconditional alternative to labor market participation that is not thoroughly bad in an absolute sense. I have concluded that in a modern, industrial economy, this status requires an unconditional basic income large enough to safely secure housing, food, clothing, and transportation. Without this, people need a very good explanation why they are denied any access to resources with which they could attempt to meet their needs on their own. This theory is an attempt to answer the questions of (first) the ethical starting point for economic interaction and (second) the meaning of voluntary trade in economic theory. One could respond to the first question by saying that freedom is not the most important value, but the same response would not work for the second question.

If the man in the hole with a choice of ten masters is free, freedom and voluntary trade are meaningless. If the man in the whole is unfree but the homeless are free, what is the substantive difference between the hole and the park bench?

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