

GIFT-SHARING AS THE BASIS OF REAL FREEDOM FOR ALL

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1 Basic income versus the work ethic of the Left: bases of self-respect

Basic income can be defended in several ways against the dominant work ethic. The work ethic, as advanced by the Left nowadays argues against unconditionality of social transfers both on grounds of fairness and on a paternalistic reasoning in favor of imposing work discipline. In this paper, I shall be concentrating on some aspects of the fairness debate, notably those which concern the liberally neutral justification of maximum sustainable basic income, which Philippe Van Parijs and I have both been concerned to spell out in different ways. The key issue is whether or not it is fair to share equally and unconditionally the value of the combined endowments - or 'gifts' - which modern market economies distribute unequally among individuals. But I am also interested in the politically salient debate concerning the ethical virtue of a coercive work insertion strategy, which commonly is put forward against the basic income proposal. By way of introduction and to put the key issue into proper context, I want to say a little about it first in this and the next section. And before moving to that issue in sections 4 to 11, I discuss the basic income proposal's economic preconditions in section 3, in order to show why establishing the fairness of unconditional redistribution remains a highly important task.

The work insertion argument is part of the productivist creed, which is now more influential than ever in the government policy of welfare state reform. It stresses the beneficial effects for individuals and society as a whole of regular insertion into paid work, in particular for low earners in danger of marginalisation. It appeals to social cohesion, participation in a diversity of social contexts, economic self-reliance, and self-realisation through competitive challenge. It says that for all these reasons, regular performance of paid work is both socially beneficial and constitutes an important base of individual self-respect. It therefore rejects the introduction of a basic income as a wrong way of serving the interests of the least advantaged in market economies. The work insertion argument goes on to claim that in the short run, paid work is experienced as a burden by transfer recipients, while the beneficial effects of such work only emerge over time. This is the reason why they have to be disciplined in forming regular working habits, and be placed under supervision to re-enter the labour market, so as to develop whatever talents they have, not merely as a base of productive contribution, but as a base of self-respect. An unconditional basic income allows people to escape that discipline, in contrast to a wage subsidizing and labor market insertion program.

Productivists thus regard the freedom to opt out of the labour market as an invitation to indulge in shortsighted pursuits of idle consumption. Sensible people will not want to exercise that freedom. Less sensible people should be prevented from exercising it for their own good.

The work insertion argument continues to be put forward with much political publicity. But defenders of basic income can avail themselves of well-known normative and empirical objections in countering it. Indeed a running theme in the basic income debate has been that a subsistence-level basic income is an *instrument of empowerment* in at least three ways. Firstly by raising the bargaining power of those at the lower end of the labour market. This either improves the quality of low-productivity jobs employers are compelled to offer, or it rationalizes especially unattractive jobs out of existence. The power to exit is an important way of ensuring that paid work can be done at a higher quality by low earners. And - so the argument correctly states - this should be valued by productivists. Secondly, by underwriting the startup costs of self-employment and the living expenses of frequently needed retraining activities, basic income encourages risk-taking in the development of earning power. Therefore it generates more rather than less self-reliance in a competitive market environment. Thirdly, and more broadly conceived, basic income is sensitive to *post-productivist concerns* which can not be properly made subject to a work contract. Basic income liberates the potential for self-realisation in various kinds of unpaid work within the family, the community and democratic associations, all of which require flexibility and free time to flourish. Moreover, because basic income financially supports raising children in ways untied to the workplace, it at least one sure way of providing the attention and care needed for the development of skills and capacities for autonomous choice of the next generation.

These and other counterarguments come down to the larger claim that basic income wins out in terms of a less one-sided interpretation of the the tricky idea of ‘bases of self-respect’, once it is realised that compared to means-tested benefits and work-conditional transfer payments, basic income supports a far larger range of ‘meaningful occupations’ and ‘socially beneficial activities’ both inside and outside the domain of paid work, and does so in particular for the least endowed. The strong point of that claim, it seems to me, is that while defenders of basic income can readily admit that their definitions of what constitutes socially beneficial and meaningful occupations are tied in part to post-productivist conceptions of the good, those conceptions do not deny that there is considerable merit in doing paid work. They are therefore ‘thinner’ in the sense that they can accommodate more plurality in comparison to the values of productivism which inform the work ethic.

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2 Basic income versus the work ethic of the Left: fairness considerations

This kind of principled argument in favor of basic income is attractive. But it is also inconclusive, since it avoids the question of ‘who pays for all this’. And over the last decades, one does see that it fails to politically convince many of those on the Left who are both committed to a redistributive welfare state and sensitive to post-productivist concerns. In part this lack of enthusiasm is due to a perception that basic income is ‘too liberal for its own good’, but it is also motivated by background worries of fairness. One can envisage ways of facilitating free time for different groups, short of introducing a basic income, by policies varying from waiving the duty to apply for jobs for older unemployed workers and single parent households with young children, the instalment of paid parental care allowances, early retirement schemes, to more generous out-of-work benefits. Taken together, these measures incrementally raise the degree of welfare-work unconditionality in the society, and they also support the choice for intermittent periods of non-paid activity by public means. So if one considers the justification of the additional tax burden so imposed, one may ask why those who happen to desire lifelong full-time work in the ‘productive sectors of the economy’ would have the obligation to pay for others who wish to take advantage of the options provided by more unconditional welfare arrangements. This issue of distributive fairness, central to debates on basic income, can be addressed piecemeal by post-productivists as long as they can make a case for providing each of these options separately in terms of arguments of ‘self-respect’ and ‘social benefit’, as noted in Van der Veen and Groot (2006, 612-614). Leaving aside the contestability of the ethical interpretations of these terms, the success of such arguments will always depend on empirical background assumptions about the extent to which the targeted people will actually use their opportunities for more free time in the right ways.

But that piecemeal strategy is unavailable once an unconditional right to a universal minimum transfer income is proposed, since such a right asserts that one is entitled to dispose of the income as one pleases. Distributive notions of fairness that are largely independent from whether or not unpaid work is a prime source of self-respect then shift into the foreground. Proponents of the work ethic will now say that however conducive basic income may be to post-productivist concerns, it is simply an unfair method of redistribution. To quote a well known line from Jon Elster: “most workers would see, correctly in my opinion, the proposal as a recipe for exploitation of the industrious by the lazy” (Elster, 1986: 719).

What ‘exploitation’ exactly means here is ambiguous. I take it to refer to the common-sense notion of taking unfair advantage of another party in a cooperative scheme. But what counts as unfair advantage in the present context can be explicated by reference to two principles that accept redistribution in favor of those disadvantaged through no faults of their own: reciprocity and liberal neutrality. Both of these principles are widely shared, even by proponents of basic income.

Let’s take reciprocity first. In the form favored by the Left, reciprocity says that entitlements to a share of the benefits of social cooperation in a society that satisfies an egalitarian scheme of redistribution must be conditional on people’s willingness to make a productive contribution in return, provided that they are able to do so. If they are able but unwilling to contribute, then they are unfairly taking advantage of the scheme, hence engaging in ‘exploitation’. There are two versions of this normative argument. In the productivist version of reciprocity, the ability to perform paid work is crucial, and unpaid activity is not really regarded as a ‘productive contribution’. This implies that the fair egalitarian scheme of redistribution can not be a basic income. It must rather subsidize the rates of return to paid work of the least advantaged able-bodied, as proposed in Stuart White’s paper on the *Egalitarian Earnings Subsidy* (1999). However, a second, and far more post-productivist version of reciprocity exists as well. That version may be compatible with a *participation income*, a uniform grant which requires able recipients to perform either a certain amount of paid work, or spend sufficient time in activities to be chosen from a range of specified unpaid occupations which would count as productive contributions in the wider sense of being both socially beneficial and being regarded as avenues to self-respect that would be socially valuable to have available. What these occupations are, exactly, would remain debated for some time, and the best ways of administratively drawing the line between productive and non-productive unpaid activities would also have to be a matter of experimentation.

In both versions, the reciprocity principle aims to prevent the ‘exploitation’ of those who do their bit in working to maintain a just scheme of social cooperation by those who take a free ride on it. But the post-productivist version of reciprocity, as we have just seen, is capable of dissociating its concern for fairness from the work ethic’s coercive labour market insertion recipe. So it might be tempting to think that a suitable form of this kind of reciprocity thinking could open up a viable route to unconditional basic income, via participation income. Once a participation income gets going, so the thought would be, it will soon become clear that most people will in fact spontaneously comply with the requirements of productive contribution outside of the labour market. And so it would become possible to do away with the considerable administrative cost of monitoring those requirements which were initially needed to assuage fears of massive free riding. We would then end up with

basic income as the more efficient policy. I am skeptical of this thought, but since I have discussed it elsewhere (Van der Veen, 1998), I will leave it aside.

A less familiar way of stating the exploitation objection against basic income is of special interest, since it is not tied, as reciprocity arguments are, to specific assumptions about the social merits of paid and unpaid activities. This objection invokes the liberal principle of natural reward (originally explored by Fleurbaey, 1998). Unlike reciprocity, its motivating concern is not that people should be made to provide a fair contribution to the just scheme of cooperation under an egalitarian scheme of redistribution. It rather wants to make sure that under that scheme, people are not enabled to derive advantages from redistributive arrangements that would be unavailable to them under free interactions in case justice did not require redistribution in the first place. This is an intuitively appealing idea, from which one can derive a potentially powerful objection to basic income of the following kind. Since it is the purpose of most egalitarian schemes of redistribution under discussion in welfare state reform to compensate for the disadvantages of low earning power on the market, one should reject an unconditional basic income.

To see why, imagine a truly egalitarian state of affairs in which people had the same earning power. Then there would be no reason to redistribute. Then also, people would be entitled to income in proportion to the work they freely chose to do, and no one would have access to income without doing any paid work. But this is precisely what a basic income accomplishes. And we can see that this is unfair, because in such an egalitarian world, we should be respecting the choices of free agents. So we should not be redistributing from people who choose to do a lot of work to people who choose to do little of it, or none at all. But then we can also see that basic income is the wrong way of compensating for lack of earning power in the real world, since compared to the baseline of equal earning power, it confers advantages on those who do not want to exercise their earning power, at the expense of those who do. Instead we should make sure that our redistribution scheme removes the effects of differential earning power by subsidizing the net wages of low earners through taxing the wages of the high earners, thereby avoiding exploitation. By this route, we once again end up with something like White's *Egalitarian Earnings Subsidy*. In contrast to the reciprocity argument, the charge of exploitation, again consistently with its common sense-meaning of 'taking unfair advantage', is now linked to a criterion of liberal neutrality.

I do not want to claim that the objection as stated here is valid. But I do think it carries some weight. Below, I shall explore the reasoning behind the objection in the context of the gift-sharing idea which is central to the justification of basic income proposed by Philippe Van Parijs. However, I first note that generally, objections of fairness come to the fore not merely in response to proposals of introducing an equal and unconditional income as a matter of right, but especially so when the proposed level of basic income is at subsistence

level. This is obvious, both because the real freedom from earning market income is largely tied to an unconditional grant at subsistence level or beyond, and because financing a grant of that size involves a major degree of redistribution. What is less obvious is that it is realistic to suppose that this kind of program is really viable. So to make sure that delving into the fairness issues I want to discuss is relevant, some political economy considerations of basic income reform in welfare states need to be addressed first.

3 The sustainability issue

A canonical version of the basic income proposal runs something like this: let us replace all the different conditional cash benefits of the welfare state up to the customary subsistence level of income, by a tax-financed unconditional income grant (a refundable tax credit paid out to all adult citizens or permanent residents in monthly installments). The proposal typically claims two immediate policy advantages. One is that compared to work-conditional or means-tested social policies, basic income provides more effective prevention of poverty and continued participation of low-earners in paid and unpaid work. The other is that it does so consistently both with the efficiency of the labour market and the administrative simplicity of transfer payments. In more recent versions of the proposal in Western Europe, a third policy advantage is often mentioned which relates to the reform of social security more generally. Above the floor provided by a subsistence-level basic income, work-related social insurance can more easily be transformed in the direction that many policy advisers on the Left find desirable. Traditional social insurance provisions of unemployment, illness and disability should be integrated into a system of personal lifecycle accounts. These accounts enable people to exercise more discretion in adjusting to the risks facing them throughout different phases of their lives by giving them more time autonomy than they had before, while at the same time making them more accountable for their choices over time. The third policy advantage of a subsistence-level basic income is that it would make such a system both more efficient and equitable. In particular, by providing a secure minimum of time autonomy for all, it would both enhance and justify the flexibility of workers to use their work-related benefits above subsistence level as they please.

In these three respects, basic income may be seen a key ingredient of a perspective on a new welfare state which regards redistribution as the means of honoring the equal status of free and responsible agents while creating provisions for taking care of those who are not yet, or no longer fully, free and responsible. But as noted above, the trouble with the proposal is that it is very redistributive indeed. It therefore requires quite a strong belief in both the normative desirability and the economic sustainability of a high degree of redistribution

through the state's instruments of taxation. This creates problems which need to be faced by defenders of the proposal. Let me turn to the economic sustainability issue first.

Realistically, an unconditional basic income will have to be introduced initially at a much lower level of coverage than subsistence, that is to say as a *partial* rather than a *full* basic income. But surely this is bound to reduce its policy advantages below what was claimed above, at least during a longish transition period. One reason is that a partial basic income always needs to be topped up by conditional benefits to secure those who are intermittently in and out of work out of work the customary subsistence level of income. Another is that the redistributive demands posed by the introduction of even a partial basic income are considerable. Those demands will inevitably be seen to compete with preserving existing instruments of preventing poverty in welfare states, instruments which can not all be replaced by its unconditional dispensation of cash. We can think of government-funded schooling of good quality and healthcare here, as Barbara Bergmann (2006) has reminded us. In addition, a fundamental way of preventing poverty over time consists in the 'equitable sharing' of the benefits of growth. In some welfare states, this takes the form of indexing the customary level of subsistence income not only to inflation, but to changes in real income per capita. A serious worry of many on the Left is that the political dynamic of introducing and carrying through a partial basic income will tend to put these traditional instruments in jeopardy, and so they would be prepared to resist it unless this danger could be averted. That there is a danger of that sort is not difficult to see, because basic income's first two policy advantages can be had more easily by gradually adjusting downwards the official criteria for what counts as poverty. But on top of this difficulty, of course, there should additionally be a real economic prospect of turning a partial into a full basic income under the constraints just mentioned.

Under those constraints, we can see that in order to make good on the proposal's policy claims, the ratio of partial basic income and (growth-indexed) subsistence should rise to unity over time at a constant ratio of subsistence to per capita income. This means that the maximum sustainable level of basic income - the level consistent with responses of economic agents to changes in the tax burden of the welfare state - should rise more rapidly than real income per capita does. It is very hard to show conclusively that this sustainability potential exists. Moreover it is possible to be pessimistic about it in the rapidly ageing societies of Europe. But only if this sustainability condition is satisfied will a full basic income be achievable, after an uncertain length of time. And that time may be measured in decades rather than years.

So defenders of the proposal face a rather tough job. On the one hand, they have to convince sympathizers of the basic income proposal on the Left, such as these are, that it is worthwhile to introduce a partial basic income in the first place, substantial enough to make a

real difference to the stated policy purposes, and politically compatible with preserving welfare state provisions of traditional merit goods, and a growth-indexed subsistence income norm. On the other hand, they have to overcome real doubts on the part of those who would be willing to invest in the basic income project under these exacting conditions, doubts concerning the long-run sustainability of the project during a transition period spanning several electoral cycles. Assurance on the second issue is not easy to provide, however. And this will add to the burden of removing doubts on the first issue, since it is easy to see the project getting stuck after say ten years in a neo-liberal dead end, with the ruling level of basic income being redefined as the new - and proportionally much lower - norm of subsistence for transfer purposes, from which people would also be expected to buy things like childcare and health insurance on the market.

I believe that all this should be kept in mind as a background for assessing the normative debate on the Left between proponents of the work ethic and defenders of basic income. That there still is such a debate in which intellectuals and enlightened policymakers cross swords from time to time is something of a paradox, if you think about it. If the prospects of moving to a full basic income are as slim as I just made out, it would perhaps be unnecessary to spend much time debating the normative issues mentioned above. But apparently there seems to be a belief on both sides that in terms of a real utopian agenda, a full basic income can be had after all, should we want it, and that therefore the questions about whether we should want it are of more than merely academic interest.

4 A liberal egalitarian strategy: real freedom for all

So I now turn to the controversy regarding the real-libertarian justification of maximum sustainable basic income. It is hidden in a recent article which Philippe Van Parijs and I wrote in reply to six comments on our work long ago (Van der Veen and Van Parijs, 2006, henceforth ‘Reply’). In section 3 of that reply, we briefly identified a source of disagreement regarding the way of arguing for the claim we both support: that dispensing the highest sustainable level of basic income in welfare state societies is the best way of achieving the greatest opportunities to those with the least of them, in short, of achieving ‘real freedom for all’.

While Van Parijs’s argument is meant to hold generally, mine is conditional on empirical circumstances concerning the lifetime employability of people with the least opportunities, and therefore my argument is more vulnerable to empirical counterclaims. For anyone who is both inclined to accept the real-libertarian claim and shares an interest in the grounds for accepting its validity, it would be reassuring to have a general argument available of the kind espoused by Van Parijs instead of the contingent one that I support. The issue is

whether the general argument is successful. In the rest of this paper I explain the issue, then discuss several ways of resolving it, and finally assess the relevance of the controversy.

The premises underlying the real libertarian strategy of redistribution may be summarized for present purposes by (1) a fundamental commitment to equal respect and equal concern for individuals, rather than an assertion of pre-political rights to resources, and in specification of that commitment (2) a structure of rights that respect liberal formal freedoms (3) a neutral stance of government on the importance of opportunities for spending one's time in various pursuits and of opportunities for securing consumption; (4) the restriction of just inequalities to two categories: those that can be plausibly traced to the exercise of personal responsibility on the background of fair opportunities, and those that can plausibly be claimed to make the worst off better than the worst off otherwise would be. From these premises, distributive justice comes to be a 'matter of sustainable maximin opportunities' that people should be able to exercise as they please.

In the reply, we also note the need for specifying a stylized picture of the society's economic distribution system, in order to arrive at principles definite enough for deciding on the justice of basic income or alternative schemes of redistribution, in particular those involving wage-subsidizing labour market insertion. Such a stylized picture is required in order to assess the justice of inequalities in both categories mentioned under premise (4), and in particular to distinguish between responsible and non-responsible inequalities of opportunity, where the latter are ones that are not traceable to the exercise of personal responsibility but instead arise on a background of unfair opportunities.

5 The royal route to maximum sustainable basic income: Van Parijs

A novel picture of the economic distribution system has emerged in the recent writings of Van Parijs. How it produces the real-libertarian conclusion is summarized thus in our reply:

“What is central in our societies is neither our unequal personal endowments nor our unequal social positions but the unequal gifts we receive throughout our lives. Most of those gifts we access in the form of material and non-material benefits linked with the jobs we occupy, themselves obtained by virtue of our innate talents, of opportunities afforded by our family, of the language we happen to be able to speak or the place where we happen to live, and of countless other circumstances interacting in complex ways. Suppose that all the goods we value are distributed on non-discriminatory markets - for employment, housing and other consumption goods and services. Then the same fundamental idea of giving the greatest opportunities to those with least of them can be best approximated by taxing in a predictable way, at the sustainable yield-maximizing level, whatever can be taxed, and distributing the proceeds equally and unconditionally among all, whether workers or not.” (Reply, p. 9)

6 A pedestrian route to maximum sustainable basic income: Van der Veen

My way of arriving at the conclusion first takes the form of a - largely implicit - objection against Van Parijs's novel reasoning, and then goes on to introduce an empirical specification of the stylized picture. The objection:

“Can it really be said [...] that a universal basic income offers *more* opportunities to those with least opportunities than alternative schemes, such as wage subsidies or work-conditional benefits? Is it not rather that the latter provide the worse off with a *different* set of opportunities? If maximin does not suffice to single out a basic income, then it needs to be defended against the objection that many gifts are not like manna from heaven or inherited wealth. Their value can only be tapped through the performance of real jobs, which are not sinecures. Commitment to liberal neutrality, on this background, seems to point in the direction of some mix of basic income, subsidized markups on work of low productivity and work-conditional benefits.” (Reply, p. 10)

To see how this engages with Van Parijs's reasoning, note that two steps are involved. First, if as a matter of fact basic income and wage subsidies are alternative ways of satisfying the maximin opportunity principle, then additional justification is required for selecting basic income in preference to wage-subsidies. Secondly, supposing that this is the case in fact, liberal neutrality shows us that the market value of the gifts should not be distributed entirely unconditionally, in contradiction to the real-libertarian conclusion in favor of maximum sustainable basic income. How that is shown has to do with my observation that to have access to some of the gifts that Van Parijs invokes, people have to exercise responsible action related to jobs. This will be further clarified below. To show how I get to the final destination of my alternative route, I then claim that the same picture of modern economies that incorporates the gift construct in general can be credibly supplemented by focusing on a particular way in which the least advantaged are lacking in some of these gifts, to wit, lifetime employability. Adding this additional feature to the set of stylized facts implies that basic income, after all, is the only way of satisfying the maximin opportunity principle. The reason:

“Wage subsidies only make sense as a (be it partial) alternative to basic income under conditions in which people can perform roughly the same amount of paid work over their working lives. But this is patently untrue in contemporary circumstances. Over the lifetime of workers, wage rates and employability are positively correlated. The least productive among the workers are far more vulnerable to spells of illness, invalidity and involuntary unemployment, owing to the harsher conditions and lower status of their work. Taking this strong association into account justifies a clear preference for unconditional instruments of redistribution over heavily work-conditional ones. The least advantaged tend to be triply underendowed over their lifetimes: in terms of how much wealth they are given or inherit, in terms of their earning power per unit of work and in terms of access to paid work. The more our economies are subject to the dislocations that go hand in hand with globalization, the more realistic this stylized picture becomes, and hence the stronger the case for basic income as a demand of impartial justice.” (Reply, p. 10)

This route also ends with the real-libertarian conclusion, provided that one accepts the employability feature as a plausible generalisation of how modern economies affect people. But not everyone will be prepared to accept this straightaway, so my basic income route requires doing more empirical work. Hence it is more pedestrian and less elegant than the one proposed by Van Parijs. Having set the stage, I now discuss the gift construct and the value-sharing justification of basic income derived from it.

7 The novelty of the gift construct

Invoking gifts is a recent development of Van Parijs's thinking, which he has added to the justification of maximum sustainable basic income discussed in *Real Freedom for All*.¹ It is a way of identifying the entire complex of non-responsible causal factors at the root of unjust inequalities of opportunity in 'our societies' – i.e in present-day market economies characterized by a high degree of 'fluidity'. Instead of appealing to the assumption that inequalities of opportunity must be traced to inequalities in assessable personal external and internal endowments (as in Dworkin) or to the unequal advantages attached to long-standing social positions (as in Rawls), Van Parijs "appeals instead to the notion of a cumulative string of gifts to which it makes sense to ascribe a market value." (Reply, p. 9) This indeed a more inclusive way of identifying non-responsible factors, for the endowments just mentioned can be included among the gifts included in this 'string'. But importantly, we should include the type of external endowments that figure so largely in *Real Freedom for All*, namely access to the benefits ('rents') of scarce job assets which arise in the imperfectly competitive labor markets of modern economies.

As is well-known, the innovation of *Real Freedom for All* is to regard 'predictable yield-maximizing taxation of whatever can be taxed', as the way in which the market value of both wealth and job rents can be captured, into the latter of which a part of the return to talents and skills would then also be included. The gift construct generalizes this idea by adding an open-ended list of other gifts, such as the 'opportunities afforded by our family, of the language we happen to be able to speak or the place where we happen to live, and of countless other circumstances interacting in complex ways'. What such gratuitous advantages are worth on the market, given people's preferences and aspirations for different kinds of remunerated and unremunerated activities, will then also be captured by an appropriate taxation. Thus there is no need to worry about untangling the contribution to market value of the different components of gifts. For everything that is captured by the tax

¹ The gift construct is spelled out in an explication of the approach in *Real Freedom for All* in Van Parijs, 2003, 205-207.

ultimately consists of ‘rents’, which would otherwise be distributed very unequally among various categories of asset holders, notably those commanding scarce job assets.

One other feature of the gift construct is important. As the expression ‘cumulative strings of gifts’ suggests, the diverse elements of the complex of non-responsible advantages listed above are structured in time. One might say that people face different gift profiles over their lifetimes, some of which are more advantageous than others in terms of the real freedom they confer, independently of people’s responsible actions. I go into some implications of this feature in the next section. But first note that it necessitates a more careful specification of the currency of justice referred to by the name of real freedom. If gifts are endowments trickling down over the course of a lifetime, then the opportunities which unequally distributed gift profiles unequally confer on individuals should be understood to be a measure of the opportunities for income and free time which they have available over their lifetimes. Under this interpretation ‘giving the greatest opportunities to those with least of them’ must mean that continuous yield-maximizing taxation will be seen to achieve maximin lifetime opportunities. But meanwhile, the issue is why the tax proceeds should be distributed equally and unconditionally. In the next section I suggest that there is nothing in the nature of gifts itself that suggests this should be the case.

8 Are gifts like manna in the relevant way?

As I understand it, gifts require responsible action in order to be accessed in full. To illustrate this in the form of a story, suppose two guys have identical gift profiles: *Ambitious Anwar* and *Bohemian Bob*. Both are similarly endowed with talents for enterprise and music, both enjoy similar family assets such as parental love and care, have the same schooling prospects, command a similarly solid health potential and physical advantages like beauty, sincerity of expression and mellow tone of voice. Moreover, they are also identically placed in respect of the many external factors (language, culture, location) which interact in exactly the same complex ways to affect the social significance of having these assets. Thus at various points in hypothetical time, Anwar and Bob become qualified to occupy the same range of credentials for a range of jobs (including self-employment) and get offered the same promotion chances. Also they encounter similar networking circumstances for obtaining rewards (including pension rights) and recognition from any chosen job in the range. And so the gift profile continues: into old age, until the grave, and possibly beyond it.

Now if Bob and Anwar so greatly differ in the ways they choose to act within their identical gift-profiles as the adjectives attached to their names suggest, then their actual economic histories will start to diverge at an early age. So they will most likely end up quite differently at the end of their lives, not only in terms of what they have managed to achieve

along the way, but also - and more relevantly for our purposes here - in terms of the opportunities for income-generating work, saving, and unpaid activities they will have had, considered as averages over the life of each. And quite predictably, the lifetime opportunities achieved by Anwar will greatly exceed those achieved by Bob, owing to the different way in which the two have responded to each installment of gifts in the specified profile.

How should we look at the proposal to redistribute from Anwar to Bob? Liberal egalitarianism first considers responsibility. If we attribute personal responsibility to Bob and Anwar in evenhanded and appropriate ways (and of course this need not necessarily mean holding them responsible for every single consequence of all their actions), then much of the inequality of lifetime opportunity that develops between them will be justified on the responsibility premise of liberal egalitarianism. For example, in a well-known version of this type of story, Bob insists on spending lazy afternoons playing tenor sax in a rundown bar. In the meantime, Anwar bustles around town, astutely grabbing every chance in sight on a sure road to becoming the local tycoon before age forty. In so doing, each of the two creates and closes down opportunities for 'doing what he might want to do' at later points in the course of his life. But if the choices they make are as different as we here assume, then of the two Anwar will start to obtain superior opportunities after some time, regardless of whether he wants to use those opportunities in the way that Bob would want to, if Bob had them. So as a result of what they in fact do and omit in their actual lives, Anwar's lifetime opportunities will turn out to be larger than those of Bob, despite their identical gift profile. Since both obey the law, and we respect their lifestyles, we must think that no redistribution between them is in order, at least not from the responsibility point of view.

However, liberal egalitarianism also mandates redistribution from this baseline of equal gifts, if unequal gifts might bring forth a maximin distribution of its currency of justice - i.e. lifetime opportunities. Now things being what they are between Anwar and Bob, we (as omniscient engineers) can work out a scenario in which the lifetime opportunities for meaningful occupations, free time and money could be improved. We can do so, by paying attention to features of their personal characteristics which point to likely ways of securing mutual improvement. In the present story for example, by giving Anwar a somewhat better gift-profile than Bob, Anwar would reach his point of opulence at an even earlier stage than previously, while *ceteris paribus*, Bob would be facing more difficulties in sustaining his bohemian lifestyle. However, suppose we know that Anwar would use the increment to his gifts by immediately opening an upmarket bar with superior equipment and exiting musicians for Bob to play with. Then Bob's greater difficulties would not materialize. He would in fact be contributing to the new bar's success, adding new chances of economic gain to Anwar's plentiful menu in the process. Thus the lifetime opportunities of both would actually improve,

and we might therefore want to regard this adjustment of their gift-profiles as an optimal one, on the basis of our information about the personalities and propensities of the two.

What the stories show is this. As whole cumulative strings, gifts are truly like manna when considered as a mere potential, independently of the actual histories of responsible action of people facing a given profile of gifts. But when we do consider those histories, we find that installments of manna happen to shower down on them differentially, depending - in more or less predictable ways - on their responsible actions at earlier stages. *Prima facie*, this casts some doubt on the legitimacy of the proposal to redistribute the market value of gifts unconditionally. And so we need to examine how we should be dealing with the highly unequal incidence of gift profiles in the real world, in order to achieve real freedom for all in the proper way.

9 Choosing between programs of redistribution: liberal neutrality

The royal route to real freedom for all straightforwardly prescribes the maximum basic income program (BI for short): predictable yield-maximizing taxation combined with equal and unconditional distribution of the proceeds. The claim is that this will ‘best approximate the fundamental idea of giving the greatest opportunities to those with the least of them.’ Leaving out the ‘*best approximate*’ - part of the claim for the moment, I concentrate merely on the capacity of BI to maximin opportunities, here understood as lifetime opportunities. As we have seen, Van Parijs’s stylized picture of the economic distribution system regards unequally incident gifts as the fountainhead of legitimate taxation, without attempting to identify privileged forms of taxation based upon definite ideas about the sources of non-responsible inequalities. On that understanding, the maximal tax yield of the BI program captures what the combined gifts in the society are currently worth on the market, provided that we are prepared to make the simplifying assumption that ‘all the goods we value are distributed on non-discriminatory markets’. Let us accept that assumption here. Then we can see that the BI program will approximately achieve real freedom for all. For when basic income is pitched at its highest sustainable level by optimal taxation in an affluent society, this basic income will be a full one. It durably creates opportunities of taking leisure at a level of income at or beyond the society’s subsistence norm. And those opportunities can not be further improved on across the board.

Can the combined gifts of the society be captured in a different way, a way that would approximate real freedom for all as well? In the stylized picture of the royal route, this should certainly be possible. Again, we would be predictably taxing whatever there is to tax at a yield-maximizing structure of rates. But this is now coupled to the conditional form of redistribution that follows from continuously operating a labor market insertion and wage

subsidizing program (WS in short). The details of this alternative program need not detain us here. Compared to the BI program, a properly crafted WS program will ensure better lifetime opportunities for earning income after tax and subsidy, and worse opportunities for enjoying income without seeking, training for and performing in available jobs on the market. Therefore the lifetime opportunity sets that these two programs respectively give to the least advantaged are different in such a way that none of the two is evidently superior to the other. Put in a more technical way, these opportunity sets are undominated. Hence both redistribution programs can be said to achieve real freedom for all, in ways that need to be evaluated normatively.

So we must now pay attention to the part of the royal route's claim that BI is the *best* way of approximating real freedom for all, when 'best' is understood normatively. To evaluate this, we invoke the constraint of fairness which is built into the liberal-egalitarian premises of section 4. It requires any scheme of redistribution for purposes of justice to be neutral with respect to the whole diverse array of lifestyles, preferences and aspirations existing in the society that can be pursued within the constraints of formal liberties. This means that it is not enough to achieve real freedom for all in just any way. We should redistribute the proceeds of taxation in the way that respects the neutrality constraint, as much as this is possible. But what exactly does liberal neutrality require? And how can this be applied to the choice we have between the two competing programs for achieving real freedom for all? More accurately perhaps, we want liberal neutrality to select from a menu of programs including BI and WS, and all intermediate programs obtained by variously trading off the level of basic income against the rate at which market wages of low earners are subsidized.

At this point I have to admit that there may be several ways of interpreting the requirements of liberal neutrality, and I am not entirely sure which of them are in operation in Van Parijs's reasoning. So I can only discuss the interpretation that I think he has in mind. It consists of the following argument (1) By definition, gifts represent the whole complex of non-responsible factors which shape people's lifetime opportunities. (2) When sharing the value of these gifts for purposes of justice, liberal neutrality therefore requires that we do so in a way that does not at all depend on how people happen to exercise their responsible factors, like working in a job, seeking employment, setting up business or doing other things that lead to more or less earned income. Thus (3) gift-sharing should be equal and unconditional among all. As I said, I am not sure that this actually is the argument, but anyway I want to show that it fails.² The problem is that the second stage of the argument

² I believe that a neutrality argument very similar to this one is found in *Real Freedom for All*, in the context of Van Parijs's rejection of two kinds of wage-subsidizing ('bribing') policies as being a biased way of redistribution (Van Parijs, 1995: 111-12). He there notes that '...*everyone's* real freedom to

infers from the definitional premise in the first stage that liberal neutrality requires redistribution to be independent from responsible action. And since the only way of doing that is to redistribute equally and unconditionally, the conclusion follows.

But this inference is correct only if gifts represent non-responsible factors in a certain way, namely as chunks of *mana*. If that were the case in the relevant sense, then indeed a liberally neutral redistribution of the market value of gifts should not at all depend on the responsible actions of the recipients. Now as I have shown above, gifts are like *mana* only if we completely abstract from people's actual histories. But this we cannot do without breaking the causal link between gifts and lifetime opportunities in the economic distribution system, as the stories of Anwar and Bob show. Once actual histories are brought in, gifts are not relevantly like *mana*, since they are bestowed on people during their lifetimes 'largely through the jobs they occupy', as van Parijs specifies, and occupying jobs is a matter of choice to some extent. It then becomes unclear why a real freedom-maximizing and liberally neutral redistribution of the market value of those gifts should not be contingent, at least in some part, on whether people actually have done whatever needs to be done to get and hold those jobs.

10 A counterfactual standard

At least for this reason, the argument for equal and unconditional gift-sharing fails to convince. Thus we have to continue the search for instruction on what liberal neutrality actually selects as the fairest way of redistribution. To get a grip on that, a thought experiment may help. That experiment is suggested by the principle of natural reward, which I introduced in section 2. Let us imagine a counterfactual world in which our favorite principle of liberal-egalitarian justice is realized, without any help from redistributive agencies whatsoever.

Initially, suppose this to be a world in which all gift profiles are identical, but in which people differ in the characteristics - such as ambition in entrepreneurship and bohemian artistry - for which they can largely be held accountable. We also stipulate that the inhabitants of the counterfactual world differ in these respects in exactly the same ways as they do in the real world. We now study the lifetime opportunities redounding to people under identical gift

earn is greater under a bribing regime than under a basic income regime', which implies that the opportunity sets of the least advantaged generated by these two regimes would be undominated. Van Parijs then goes on to say; "But it does not follow that either bribing strategy is superior to the basic income strategy in terms of real freedom. This would amount to giving an unjustified privilege to the freedom to earn at the expense of the freedom to enjoy free time. Here again, a meaningful neutral perspective can only be achieved by looking at the endowments that underlie real freedom." In this context, those endowments are 'employment rents' rather than gifts, but just like in the argument of the text, these employment rents are traced to non-responsible factors ('job assets' which arise in

profiles, noting how these have developed over time as a result of free and lawful interactions. As in the stories cited above, some will be tycoons, some will be bohemians, some will be lifelong wasters with restricted opportunities and some will be thrifty bees who create for themselves wide opportunities they never really use except for working. And so forth. On the basis of this complex information, we now make adjustments to the gift profiles of every individual, such that the lifetime opportunities of all improve, and such that those with the least of them improve maximally, compared to any other adjustment scheme. This leads us to the desired counterfactual. It is a world in which gifts are distributed optimally, that is to say in a way that happens to realize maximin lifetime opportunities. It is thus a world in which – mysteriously – real freedom for all exists without the need for governmental regulation of any kind, save for protecting the rights that ensure respect of individual liberties.

The next stage of the thought experiment is to consider the implicit structure of rewards in the counterfactual world as the normative standard of comparison for selecting the redistribution program in the real world. The reason for that is of course given by liberal neutrality, but needs to be spelled out with some care. By construction, the allocation of all benefits and burdens in the counterfactual world is the result of a just process of interaction, in which all participants enjoy and use their formal freedoms to pursue their legitimate interests. Moreover, the maximin distribution of lifetime opportunities - the real-libertarian currency of justice - also results from that same process. This last point has certain implications, which are revealed by considering the possibility for taxing and redistributing in the counterfactual world in ways that would *preserve* maximin lifetime opportunities, by giving people different, but undominated opportunity sets. That this possibility exists we already know, since in the real world, there also exist programs of redistribution which can achieve maximin opportunity in various ways, notably BI and WS.

But there is one difference. Whereas in the real world, it is as yet unclear which of those programs we should favor, in the counterfactual world it is clear that any such redistribution program would violate liberal neutrality. This is simply because the counterfactual world spontaneously reaches maximin opportunities on the basis of free and legitimate interactions. Since any redistribution program would change the rewards associated with those interactions, it would also change the incentives that people face in the counterfactual world. And therefore it would inevitably distort the shape of the opportunity sets that arise from the joint exercise of their free choices. It follows that liberal neutrality prohibits redistribution in the counterfactual world, even if it preserves the maximin distribution of lifetime opportunities.

From this, we see that the counterfactual world can serve us as a normative standard which embodies liberal neutrality. In order to use this world properly for our purpose of selecting redistribution programs in the real world, we have to look at the implicit structure of economic rewards which belongs to its allocation of benefits and burdens. Of course we can not get a detailed picture of that structure from our thought experiment. But fortunately we can deduce some general features of it, and these provide all we need. We already know that the structure of rewards existing in the counterfactual world will be determined by the underlying distribution of gifts in basically two ways.

On the one hand, the reward structure will clearly reflect entitlements to income that correspond to the part of gifts which is closely tied to competition for, and the performance in, various scarce jobs on the market. On the other hand entitlements to income will exist that are tied to the part of gifts that come available without conditions, most clearly inheritances and donations *inter vivos*. Corresponding to these elements of the reward structure, there must therefore be something like a basic income (though of course not as a provision of redistribution). We can also infer that the counterfactual world contains other elements that add to this unconditional base. For in a world where the distribution of gifts spontaneously induces maximin lifetime opportunities, as we are asked to imagine, there are bound to exist patterns of lucky breaks caused by complex interactions of culture, language and location, patterns which not only open up chances of market remuneration, but also keep them open for longer periods. Such constellations of gifts create second and third chances, as it were, for people to get back on course in tapping into sources of market earning power if they have not done so the first time around. The material counterpart of such second chances may be regarded as an addition to the unconditional base.

It is difficult to say which of these two components of the implicit reward structure will predominate, in part because (not being omniscient engineers) we lack detailed knowledge about the centrality of jobs in the counterfactual world. But as far as our selection problem is concerned, we can be sure that some *mixed program* of basic income - or perhaps even basic capital grants - and labor-insertion measures coupled to subsidized wages for low earners will mimic the reward structure of our standard of comparison more accurately than either the BI or WS programs do.

By this argument, the central claim of the royal route seems to be refuted. For just as a pure WS program (with zero basic income) transgresses liberal neutrality by favoring the side of the *Crazies*, so does the pure BI program (with maximum sustainable basic income and no wage subsidies) by favoring the side of the *Lazies*.

As noted in section 6, however, it may be possible to reaffirm the liberal egalitarian preference for the BI-program in a way which does not contradict the outcome of the counterfactual exercise that I have just been conducting. For if it happens to be the case that

the WS-program, or close variants of it, do not in fact serve to maximize the lifetime opportunities of those with least of them in the real world, owing to the way in which its economic distribution system works to produce unchosen inequalities of work-related assets, then nothing in the previous reasoning would recommend using a mixed system of wage subsidies and basic income. But as I said, whether this is in fact the case, is a matter for further investigation.

11 Does it matter?

One might ask whether all this matters a lot. If I am right in thinking that liberally neutral gift-sharing recommends some mix of basic income and wage subsidies, in uncertain proportions, then isn't that already a nice enough result? Not really, if we bear in mind that the basic income project, as I have described it in section 3, presupposes a determined effort to pushing the level of basic income close to the frontier of sustainability over a long period of time, in order to make good on its promises. This leaves no room for operating alternative methods of redistribution – it's maximum basic income or bust. As noted, a project like that not only requires a firm belief in the justice of a highly redistributive operation of the sort that is supported by the liberal egalitarian idea of gift-sharing. It also requires an equally firm conviction of the fairness of the unconditional sharing of those gifts. Of course it may be that I am wrong to dispute that liberal egalitarianism delivers the right conclusion on this issue as well, via the attractive reasoning of Van Parijs's royal route to basic income. But to keep basic income alive and well on a real utopian agenda, clarifying the fundamentals of its justification seems to matter very much. So I hope that the disputations of the abstract kind in which I have been engaging in this paper may contribute to that end.

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