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BASIC INCOME CONFRONTED WITH SOME POPULAR IDEAS OF JUSTICE

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1.1 Introduction

Since the late 1970s, massive and longlasting unemployment is the primary problem for the social-economic policy in welfare states. Especially long spells of unemployment, and the so-called 'modern poverty', are not only corrosive for the persons concerned but also for society at large. Governments try to attenuate the consequences of unemployment and poverty by providing social benefits conditionally, and, in so far as in its power, to take employment-promoting measures. However, recent social-economic policy measures designed to reduce unemployment can largely be characterized as 'piece-meal social engineering'. They vary from reducing the level of minimum wages, reducing the tax wedge, the introduction of modest work- and learnfare programs for the unemployed, relaxation of firing and dismissal procedures and more severe conditions for obtaining social benefits. All these measures are piece-meal because they keep the *conditional* nature of the arrangements of the welfare state intact. Almost all social benefits are in one way or an other connected with paid work: one is either too young or too old to do paid work (child allowances, state pensions), involuntary unemployed, disabled or sick (social assistance, unemployment and disability benefits) or preparing for work (scholarships). Job creation programs and active labour market policies where the unemployed are assigned socially useful tasks to retain their benefit strengthen the conditional nature of social benefits.

There is, however, an alternative available which is not the such-and-such adjustment but a major reform of the social security system. This alternative, an unconditional system of guaranteed minimum income, is known as basic income (henceforth BI) or negative income tax (NIT).[1] A full BI gives every citizen or resident the right to an unconditional minimum income (ideally about the present social minimum, but probably such a high, and also individualized BI is economically unfeasible).[2] Unconditional stands here for the fact that a BI is paid irrespective of

[1] The equivalence between a BI and a NIT scheme is illustrated in chapter 6, section 4.

[2] In Groot (1997) and in chapter 5 a scenario is sketched of a gradual implementation of a household-based BI which departs from the present characteristics of the welfare state (minimum wages, withdrawal rates, tax allowances, etc.).

labour market history, present status on the labour market, willingness to work, wealth or income and household composition. A BI will be paid out to all citizens unconditionally, that is 'no questions asked'.

In light of the problems faced by the welfare state, it is useful to examine why the BI scheme has been proposed. Barry (1997) mentions at least four advantages of BI: it reduces dependency,[3] it boosts low wage employment[4] and part-time work,[5] it ensures greater scope for compensatory justice (see chapter 4) and finally it stimulates co-operative enterprise.[6] The same advantages and some more, can be found in the following concise opening statement by van Parijs (1992, 3): "... it [BI, LG] has been vindicated, using the widest range of arguments. Liberty and equality, efficiency and community, common ownership of the earth and equal sharing in the benefits of technical progress, the flexibility of the labour market and the dignity of the poor, the fight against unemployment and inhumane working conditions, against the desertification of the country side and interregional inequalities, the viability of co-operatives and the promotion of adult education, autonomy from bosses, husbands and bureaucrats".

The idea of BI is still highly controversial because it hits the 'moral core' of the existent welfare state, which provides social benefits conditionally, temporary and selectively. Implementing a BI would mean a major change in course, a new orientation on questions of social security and equality of opportunity. Some even speak of a new paradigm of social security.[7] Given that most welfare states have recently abolished exemptions from the obligation to work for certain groups (e.g., one-parent families and older, non-pensioned, workers) and are now moving more in the direction of an across-the-board obligation to work and towards work- and learnfare, eliminating all conditions on receiving minimum income would mean almost a U-

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[3] "Dependency - the dependency of a worker on an employer or a woman on a man - has rightly be seen [by socialists, LG] as the enemy to be overcome... it is not absurd to suggest that a subsistence-level basic income is a far more plausible institutional embodiment of it than anything Marx himself ever came up with" (*ibid.*, 165). For a thorough analysis of the link between Marx' realm of freedom and BI, see van der Veen (1991) and van der Veen and van Parijs (1986).

[4] "Within a regime that gave everybody enough to live on to begin with, even low earnings would make for a net addition to income and provide a margin above subsistence level. A job that was manifestly worthwhile, and seen by everybody as such, might well get takers at rates of pay that nobody under the current dispensation would afford to accept" (*ibid.*, 166). This effect is largely due to the removal of the poverty trap and minimum wage legislation (see also section 2 below).

[5] "Part-time work might well prove especially attractive, and would not run into any of the difficulties thrown up by the existing benefit system. It is not necessary to second guess the details to see the potential for the revamping of work that is offered by basic income" (*ibid.*, 167). This conjecture is in line with the fact that at this moment part-time work is almost entirely done by dependent partners (housewives) not entitled to social benefits and thus not subject to the poverty trap and not bothered by complicated administrative procedures of the local social services department.

[6] See Howard (1998).

[7] For instance, van Parijs (1995a, 64ff.) uses the term Painean justice; Roebroek and Hogenboom (1990) see the BI scheme as belonging to a new 'social-ecological paradigm' of social security.

turn in policy. Thus, the challenge the BI proposal poses is enormous. It not only has to be shown that it is economically feasible, but it also has to be morally acceptable as well as socially and culturally durable (i.e., serve the transition from a predominantly breadwinner family society towards (fiscal) individualization, accommodate new forms of flex work contracts and meet the more general requirements of social security and fair equality of opportunity).[8]

Table 1.1 Support for workfare and basic income among a representative sample of the Dutch population (SCP (CV'93,'95), 1996, Table 5.6, 183, adjusted).

	workfare		BI	
	1993	1995	1993	1995
Agree	59	58	19	23
Disagree	29	32	65	64
No preference	8	9	9	8
No answer	4	2	6	5
	100	100	100	100

The equity arguments held by BI advocates[9] do not seem to be shared by the majority of people, nor by the professional economists with academic degrees. Table 1.1 shows the results of a recent survey by the Dutch Social and Cultural Planning Office (SCP). Two thirds of the population is against a (partial) BI. A majority of almost 60% is in favour of moving towards a scheme of learn- and workfare, which strengthens the link between (paid) work and income.[10] The support for BI increased by only 4%-point between 1993 and 1995. Among the professional economists the support for BI is stronger,[11] but still insufficient. Klamer and van Dalen (1996, 265) surveyed

[8] For the latter, see chapter 2, section 2.

[9] See e.g. van der Veen (1991), de Beer (1993), van der Veen and Pels (1995) and van Parijs (1995).

[10] This figure is not unique for The Netherlands. According to Arneson (1990, 1130): "Even if cash grants worked more efficiently to boost the utility of disadvantaged persons than provision of employment, a program of state-guaranteed employment might be uniquely palatable to voters in modern democracies. Opinion surveys routinely show that the majority of citizens harbor grave qualms about the wisdom of a state policy of handing out unearned income to the able-bodied but support programs that offer employment opportunities to able-bodied needy persons."

[11] This is in line with what Burtless (1990, 68) says: "... it is safe to say that the negative income tax has had only one major constituency - economists. The public strongly rejects one key element of a NIT, the minimum income guarantee. Even politicians who have embraced the idea insist on adding features to the plan that are not part of the original conception, such as mandatory work requirements or guaranteed public jobs. Though a cash NIT has never been adopted, the debate over the NIT affected the terms of the welfare reform debate".

the opinions among a representative sample of Dutch economists. On the position "The government should reform the social security system along the lines of a negative income tax (or basic income)", 19.4% of the professional economists agreed, 26.7% agreed with some reservations, 38.3% disagreed and the remaining 15.5% had no opinion.

According to the SCP-survey, the predominant reason for this meagre support is that a BI disconnects the link between work and income. The question then becomes to what extent a BI is contrary to some common notions of justice related to the link between work and income which is presumably incorporated in the workfare scheme, but not in a BI scheme. Does a BI run against some strong and basic equity intuitions held by the general public?[12] It goes without saying that a substantial BI reduces the need to be self-reliant (self-supporting) and allows parasitism. The parasitism objection states that a BI is in conflict with the notion of reciprocity. Moreover, the unconditional nature of BI seems to run counter to the demand of 'if you do not work, you shall not eat' which is part of the neutral work ethic and does not fit in nicely with the slogan 'there is nobility in labour' belonging to the perfectionist work ethic. This is undeniable, but the conflict between these widely adhered to notions of justice and BI can be qualified. The rest of this chapter deals with the apparent conflict between BI and the notions of self-reliance, reciprocity and the work ethic.

These three popular notions are highly connected, but not interchangeable. Reciprocity may be characterized as doing or giving something in return for something that has been done or given to you. This mutual relationship is not inherent in the notion of self-reliance or the work ethic. Self-reliance is mainly the idea that one does not need to get financial help from the state in order to survive. The work ethic can simply be described, following Arneson (1990, 1127), as the idea that for the able-bodied persons there is an obligation to work, at least for those who are not wealthy or supported by someone else. This obligation to work need not solely be motivated by the requirement to be or become self-reliant. For instance, a workfare program offering jobs to do socially useful services without improving the skills of the workers is in line with the work ethic (and the demands of reciprocity), but not with the aim to increase self-reliance. Similarly, all kinds of conditions and obligations which have to be met in order to become or remain entitled to social benefits may satisfy the demands of reciprocity, but need not improve the self-reliance of the benefit recipients.

In the following three sections, the apparent conflict between BI and self-reliance, reciprocity and the work-ethic will be explored. At the end of the next section on self-reliance, a few remarks are made concerning workfare and wage subsidy policies to improve self-reliance. In section 3 the reciprocity-based parasitism objection against BI will be discussed. Section 4 draws a distinction between a perfectionist and a neutral work ethic. An overall evaluation of whether the idea of BI can endure the challenges posed by these three popular notions of justice concludes the

[12] There is a substantial amount of literature about the role of need, desert, contribution and equality in a just income distribution according to the opinion of the general public. This type of research never specifically focused on the role of a BI in this respect.

chapter.

1.2 Self-reliance

Self-reliance is an ambiguous concept. According to van Heerikhuizen (1997, 184), from a sociological point of view *individual* self-reliance does not exist because people can only survive in communities. The human condition is one in which dependency on others creates reliance on them as well. Using this concept, self-reliance may only be discussed in relative terms by summing up all various interdependencies in the social fabric. This narrow view acknowledges that even someone of independent means is still dependent in numerous ways (for example, the protection of private property by the state). This view does not paint a complete picture however. The common sense understanding of self-reliance incorporates the view that each citizen has a responsibility for securing their own livelihood or 'earning her keep' (at least for those who are not supported by their spouse, family or friends and who are not wealthy).

At first glance, a BI may appear contrary to the common sense understanding of self-reliance. Ideally, a social security system based on self-reliance will help the poor to help themselves, to attain and retain the capacity for self-care and self-support and thus eliminate dependency. A BI, however, may enable or foster massive dependency by shifting the burden of the cost of livelihood on to the state. A BI legitimizes this dependency on the state by granting a BI as a matter of right. Furthermore, while the popularity of the self-reliance notion and related notions (e.g., responsibility, independence, self-respect, self-esteem and self-confidence) among right-wing politicians is partly due to the belief that social welfare programs may do more harm than good,[13] the real objection with social welfare programs is not in that people now and then receive help, but that people begin to *rely on it* (its legal entitlement, as a matter of right).[14] The argument also insists that social assistance should be given only in case of need or emergency in such a way that recipients do not become dependent on the help of others or the state (and so not changing their behaviour). Now a BI is exactly the opposite, because it is given to all as a matter of right, whether needed or not and on a permanent basis. Admittedly, a BI removes the *necessity* to be

[13] See for instance the main question posed by Murray (1984) "How is a civilised society to take care of the deserving without encouraging them to become undeserving?" (16), and his principles for designing social welfare programs that "Any objective rule that defines eligibility for a social transfer program will irrationally exclude some persons" (211), and, "Any social transfer increases the net value of being in the condition that prompted the transfer" (212). To be sure, these two problems are more relevant for extensively targeted conditional schemes than for an unconditional BI scheme.

[14] The right-wing plea for self-reliance or economic independence is strongly connected with the principle of self-ownership and voluntarism. Given the distribution of property, each person is the owner of his talents and the fruits it will bear on the market. The market is based on voluntary exchange, so those who cannot help themselves are dependent on voluntary gift-giving by others. A voluntary gift does not violate self-ownership and it makes it difficult for those who receive it to rely on it (the gift cannot be enforced, at most expected). The strong version of self-ownership forbids any kind of compulsory redistribution of the rich to the poor (see Cohen (1995), whereas the weak version is not at all in conflict with a BI scheme (see van Parijs, 1995, chapter 1).

self-reliant (self-supporting), but as we will later see, it also makes it easier for those for whom self-reliance is now a problem to find work and therefore reduce dependency.

Before examining whether or not a BI violates the popular idea of self-reliance, it is necessary to investigate what the principle itself is worth. According to Goodin (1988), there is a serious flaw in the argument for self-reliance. The main flaw in the right-wing politicians' advocation of self-reliance is revealed in the implementation. Self-reliance can be laid down in social legislation by means of more severe conditions for receiving income support. This is done by extending the means-test from the core family (usually the partner only) to the extended family (parents, grandparents, grown-up children). This is necessary to ensure that income transfers from wealthy family members to needy ones can be enforced. However, this runs counter to the principle of self-reliance in the same way as when the needy have a legal claim to a transfer from the government. As Goodin (*ibid.*, 343) rightly points out: "Surely no one is *self*-reliant when he has to rely for support on others, whether they be family, friends, or state officials. The only way to make any sense at all of this otherwise perplexing notion is to understand that, for purposes of this argument, the boundaries of the 'self' have been extended to include one's household (or extended family, or social network) as a whole. Whatever its political appeal, such an expanded notion of the self is philosophically preposterous." Moreover, aside from the problem that the incidence of poverty is particularly strong among poor families (no family-member is in a position to monetarily support others), it brings forward other problems: "Family ties cannot be maintained or strengthened by statutory enactments.... Litigation ... is often very painful to those in need of help, ... does not yield any returns in family solidarity, and ... yields monetary returns which are far below the expense of litigation" (Abbott, cited in Goodin (1988, 347)).

The alternative is that welfare state provisions are limited and income support is left over to *voluntary* support given by relatives, friends and charity organizations. This alternative of shifting the burden of poverty relief to voluntary actions is internally contradictory because then "... self-reliance asks two contradictory things of people: on the one hand, 'prudential regard to their own future'; and on the other, 'effacement of self in response to claims of helpless relatives'" (*ibid.*, 348). The contradiction is particularly relevant with respect to women. It is questionable whether the family as a first line of defense is favourable for the self-reliance and independence of women. If government health, child- and elder-care are curtailed, a much greater burden is placed on women to take over these tasks. They can only do so by forgoing the opportunity to take (full-time) paid employment, giving up paid employment altogether, or worsening their prospects of future paid employment, which may all compromise their economic independence. Therefore, reducing or eliminating state dependency only transfers the dependency to others in so far it does not alter the amount of dependency, but state dependency has the advantage of being non-discretionary and alters its quality. Contrary to voluntary help, it is not charity, but a right laid down in social legislation.

Why then is the notion of self-reliance still so popular. The reason may be this: "Self-reliance is

valued most highly as a character trait... This emphasis on character is also betrayed by our choice of *which* dependencies we find offensive. 'When we think of... dependency..., we neglect the student preparing for a socially useful occupation, the mother caring for children, the aged who have earned retirement, the workers who are forced out of the labor force by technological change... [Instead] our attention is rigidly fixed on those who should be working and are not,' and whose dependency therefore would seem or betray a flaw in character" (Rein, cited by Goodin (1988, 354)). On this account, dependency is objectionable only when those concerned could have avoided it on any reasonable terms. Surprisingly, the BI proposal is, to say the least, ambiguous in this respect. In one respect, a BI makes it possible for all citizens to rely on long-term minimum income support, and for some 'nonneedy bohemians' this may be sufficiently attractive to abstain from any (search for) paid employment. In another respect, the elimination of the poverty trap and the creation of employment opportunities at low wage rates not existent in present welfare states would give those at the bottom of the labour market more incentives and more chances to find paid work. Better incentives arise because of the elimination of the poverty trap. Social security recipients face now a very high withdrawal rate, because not only all net labour income up to the social security benefit is withdrawn, but also because subsidies for other expenditures are reduced.[15] Moreover, working may engender additional costs (e.g., travelling costs to work are only partly compensated). On the other hand, a job may entail fringe benefits (ranging from firm trips to employer paid private telephone calls) and more importantly, the opportunity to improve and expand one's skills and to make promotion. In practice, however, for those with the least marketable assets it will be difficult to escape being trapped in poverty, at least in the short run.

With a non-means tested BI, all gross labour income earned, no matter how small, adds to total net income. Removal of the poverty trap improves the incentives for the unemployed, but does little for their chances to find employment. The level of the social assistance benefit may be the most important determinant of the reservation wage level for the low-skilled unemployed under a conditional scheme, especially since the social benefit is lost when they resume employment. Moreover, most welfare states have minimum wages. Under a BI scheme, there is no need to have minimum wage legislation in order to protect workers since all have free access to a real alternative, to live from a BI only. Because the level of the BI does not act as a *direct* determinant of reservation wages (the BI is received irrespective of labour market status), potential workers have only to balance and compare the sacrifice they bring in doing a job (e.g., giving up leisure time) and the (non)pecuniary rewards of a job. Therefore, it is the type of job and the effort and disutility of doing that job that determines reservation wages. Depending on demand and supply conditions under a BI scheme, there may be a large number of jobs where

[15] The elimination of the poverty trap under a BI scheme is of no use for those who receive several earmarked income-dependent subsidies at the same time. The effective tax rate (inclusive the flat earnings tax rate of the BI scheme) may well be near 100%. To solve the problem of the cumulation of (implicit) tax rates, one can think of an anti-cumulation measure to limit the effective, cumulated, tax rate significantly below 100%.

gross wages are below current gross minimum wage levels (and so at the moment not undertaken, or located in the black market). Removal of the minimum wage constraint may thus increase the chances for the low-skilled unemployed to find work, if they want to.[16] In short, although a BI would introduce an unconditional minimum income to be received from the state, and thus institutionalizes dependency for those who pay less in taxes to the BI fund than they receive in the form of a BI, it also makes it easier for those who are now on welfare (and thus not self-reliant) to find paid work and reduce their dependency.

The proposition that BI reduces self-reliance is therefore not a conclusion that follows logically: it is motivated on empirical and moral grounds. The empirical issue hinges on how many people under a BI regime wilfully and intentionally choose to live from the BI only and forego productive use of capacities and talents in paid employment. In any case, the danger of large-scale parasitism will be smaller at lower levels of the BI. The occurrence of any wilful parasitism will, in addition to the level of the BI, depend on the distribution of potential earning powers and on preferences for work and leisure. The higher the potential earning power from using one's talents, the greater the opportunity cost of abstaining from paid employment. Also, the higher one's value of leisure time, the greater the opportunity cost of doing paid work. Finally, the stronger one's work ethic and the more attractive one's work, the more likely it is that one will remain employed, even if net wage rates are lower and a BI constitutes a significant portion of total disposable income.

Taken together, the following effects may be expected. The labour supply of high income earners will probably not change, because they are already subject to a high marginal tax rate (a tax rate comparable to the rate required to finance a BI). Because the introduction of a BI would reduce their total net income, it may create a positive labour supply response through the income effect. The labour supply of low and middle income earners will probably be reduced, because the tax rate needed to finance the BI is higher than the marginal tax rates they are facing now and because the BI raises total net income if they do not change their labour supply. For these two groups, of whom now as a rule the males work full-time, it will become more attractive to reduce their labour supply, because compared to the existent scheme a reduction in the number of hours worked will have a smaller effect on total net income under a BI scheme.[17]

A BI is most favourable to the disadvantaged with a low potential earning power, who are unemployed but prefer to do paid work. A BI system makes it possible for them to earn as much money they can and to become as self-reliant as possible.[18] It may also help them find jobs, not

[16] The use of tax money to offer all kinds of jobs programs to the involuntary unemployed can also be reduced under a BI scheme since they can use the BI as a kind of wage subsidy to price themselves into a job, at least if their productivity is non-negative.

[17] For a more detailed examination of these and other effects distinguished by groups of workers, see chapter 6, section 3.

[18] There is one aspect of current welfare state programs that is especially detrimental to the plea of self-reliance for

only because there are more job opportunities at wages below the present minimum wage levels, but also because those in the lower and middle income groups may have reduced their labour supply.[19] For those who are responsible for caring for children or other relatives or do the housekeeping, it will become more attractive to abstain from paid work (of course this should not be qualified as a morally objectionable kind of parasitism on the greater capacity for self-reliance of others).

In sum, for the main categories of the labour force, the picture of self-reliance does not look so bad. Although middle income earners may reduce their labour supply, this does not mean that they reduce their degree of self-reliance, at least as long as they pay more taxes to the BI fund than they receive out of it. These wage earners just prefer to substitute in more leisure. The most negative effect in terms of self-reliance has to be expected among the low-income earners, especially if many of them decide to reduce their labour supply significantly.[20] For the disadvantaged, a BI may offer more opportunities to increase their degree of self-reliance, but it also offers the opportunity to forego any progress towards self-reliance. Indeed, opponents of a BI may feel that the extent to which able-bodied persons will be self-reliant is higher when the negative income consequences of not being self-reliant are higher. Broadly conceived parasitism must be expected to be concentrated among those with low earning power and a high value of leisure time. A large part of this group is made up of women taking the responsibility of household tasks. As we have seen above, non-self-reliance among this group cannot be attributed to 'a flaw in character'. Narrowly conceived parasitism is limited to those who wilfully and intentionally choose to abstain from paid work because of laziness or the desire to free wheel among non-needy bohemians. This last phenomenon, the layabouts and good-for-nothing, is the real moral issue. This issue is taken up in section 3, which deals with the objection that a BI violates a widespread norm on reciprocity.

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those who once in a while have to rely on social assistance, namely that most social assistance programs are means-tested. Those who have saved some money in the past are punished more severely than those who did not save. A BI does not have a means-test, so it does not impose a penalty on past prudence. From this respect, an increase in savings, and thus a stimulus to self-reliance, among those groups is expected.

[19] If that would indeed be the case, the introduction of a BI would probably have the effect that labour supply measured in the average number of hours per worker decreases, but that the number of (part- and full-time) workers increases. The combined effect may reduce or increase the total labour supply, but it would certainly mean a greater dispersion of paid work among the labour force.

[20] Goodin (1988, 339) is rather optimistic in this respect when he writes: "... the programs upon which recipients might be more inclined to rely are the ones most like genuine insurance programs (e.g., retirement, unemployment insurance, disability insurance, workmen's compensation); social assistance programs targeted more tightly on the poor generally seem to have much weaker incentive effects upon recipients. Similar findings emerge from experiments with a negative income tax. Overall, beneficiaries seem to reduce labor supply only slightly (by, perhaps, five percent), while those in the very poorest households sometimes actually increase it. In short, the poor - and the poorest of the poor, most especially - tend not, for the most part, to work less hard when they know that they can rely on state support. That is, if anything, a vice of the middle class..."

To say that a BI scheme is not necessarily in conflict with the demand of self-reliance does not imply that there are no other alternatives that are more conducive to the pursuit of this ideal. In particular, one can think of a very harsh regime in this respect. However, in most West-European countries, there is no broad support for a return to a kind of poor laws regime like those experienced in the nineteenth century. Thus it is necessary to compare the present welfare state, a residual oriented welfare state,[21] a workfare-wage subsidy scheme and a BI scheme, to determine which is most favourable with regard to the principle of self-reliance. A workfare-wage subsidy system is more in line with the principle of self-reliance (that is, to help people to help themselves) than the first two systems. The amount of money the first two systems spend on active labour market policy through job training and schooling programs for unemployed is rather small compared to the expenditures on social assistance in the form of income support. The crucial test is therefore between the workfare-wage subsidy and the BI scheme. Both have the advantage over the first two schemes in that they not only relieve poverty by means of income transfers, but also try to fight unemployment.[22]

In a workfare-wage subsidy regime, the unemployment benefits are conditional upon the readiness of claimants to perform unpaid but socially useful services, and employers are offered wage subsidies for employing formerly unemployed. Assigning useful social services to the unemployed gives government officials and all those organizations who are allowed to offer projects much discretion in determining what is socially useful; under a BI scheme, this is determined by the forces on the cultural market place. This is certainly something that should be welcomed by libertarians.[23] There is also a serious danger of crowding-out formerly paid employment, the more so if involuntary unemployment is high. Even more important is that workfare measures do not directly enhance self-reliance,[24] at least not in the short run: it is only a way to prevent people on the dole from getting social security benefits without doing something in return.

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[21] With residual oriented welfare, the state only provides a conditional minimum income guarantee and leaves all other (above the minimum income) arrangements to the private insurance market.

[22] Moreover, the more successful the first two systems are in guaranteeing a means-tested minimum income, the greater will be involuntary unemployment (and involuntary employment) since higher social benefits increase efficiency wages above market clearing wages (which has a detrimental effect on the 'equilibrium rate of unemployment' (see van Parijs, 1987, 1)) and the more severe the poverty trap. For a more detailed analysis of the effect of BI on work effort and efficiency wages, see chapter 7.

[23] Another problem is that a government that acts as 'employer of last resort' (a looming phenomenon if one really wants to make workfare work) may lead to a 'big government,' something what libertarians usually do not like.

[24] See also Plant (1993, 46): "It is argued that self-respect comes from getting a job and sticking with it. However, if a job is created by government or a government-funded agency for an unemployed person, is this likely to create a sense of personal satisfaction and self-respect for that person? It strikes me that there is all the difference in the world between arguing that self-respect comes from getting a job in the labour market and having a government-funded job created for you... it is transferring dependency from the Department of Social Security to the Department of Employment".

Wage subsidies[25] are a more efficient and direct way to enhance self-reliance, but they too have a few major disadvantages. The danger of crowding-out regular jobs is even greater for wage subsidies paid to employers than for workfare programs organized by the government. Further, part of the attractiveness of paid work is the social recognition of its usefulness and the power it confers on the job holder,[26] and this is destroyed by wage subsidies. The amount of subsidy required to create these jobs reflects the extent to which the cost of the activity outweighs the (short term) benefits. How does a BI system behaves in this respect? It was argued earlier that all workers with a low hourly gross wage rate are implicitly subsidized (they are net recipients under a BI scheme) by those with high incomes. Can it be concluded from this that under a BI system the jobs occupied by low wage earners or activities initiated by self-employed which yield low profits, are subject to the same loss of social recognition of usefulness and power? The answer is partly negative, because all workers and self-employed are subject to the same scheme, since they all receive a BI which can be used in the way each citizen chooses: "... it is up to the individual beneficiary to decide whether (s)he will turn it into a straight wage subsidy, by accepting to do the job (s)he is offered at a substantially lower cost to her employer. (S)he may also use it instead to create her own job - whether as a self-employed individual or as part of a partnership or cooperative - or even convert it into a subsidy to unpaid activities, whether productive or unproductive" (van Parijs, 1987, 5). The crucial difference is that wage subsidies (and workfare programs) are targeted to those who have proved themselves unable to find work on prevailing terms, while a BI is given to all irrespective of their past (lack of) labour market success. However, all those who pay taxes to the BI fund which fall short of the amount of BI received are implicitly subsidized by others for whom it is the other way around.

In conclusion, a BI creates a situation in which the *necessity* to be or become self-reliant is weakened or even absent, but, as argued in the first part of this section, this does not automatically mean that the degree of self-reliance across the labour force declines. Instead, the degree of self-reliance is highly dependent on the distribution of preferences. If preferences (or the work ethic) are such that a decent BI is economically unfeasible, then there is even no point in arguing for a BI. If the work-ethic is sufficiently strong, then there are good reasons to believe that most workers will remain self-reliant and that those who are now unemployed can increase their degree of self-reliance. As will be seen in the next section, there is even a more serious objection: even if opponents may grant that a decent BI is feasible, they may still object to the

[25] E.g., the much discussed voucher proposal of Snower (1994), where long term unemployed can use their social benefit as a wage subsidy, the level of which depends on the spell of unemployment.

[26] "... having a paid job constitutes a social recognition of one's usefulness, of one's worth. It shows that society cares for what the individual has to offer, for otherwise it would not pay for what he does" and "... a paid job also bestows upon its incumbent some power over his employer and over society at large. The very fact that someone is willing to pay for his work shows that what he produces is worth something to others, and hence that refusing to produce it is a cost to society" (van Parijs, 1987, 2).

freewheeling lifestyle of artists and others.

1.3 Reciprocity: not only the truly lazy

Opponents of a BI may fear that the institution of a BI does not only give way to laziness and inactivity, but also invites freewheeling by the so-called nonneedy bohemians. There is no guarantee that recipients of a BI who do not perform paid labour will volunteer work, take care of family members, or perform other socially useful activities. They certainly use up part of society's scarce resources, and some may do nothing in return, or do something in which nobody is interested. Here we touch upon a strong and widely adhered to intuition, namely reciprocity. In a social security system based on conditionality the government has at least the possibility to ask reciprocal services in return for the benefit, as is the case with a workfare system. The right to a social benefit can thus be balanced by a duty to do socially useful services, or by a duty to resume working as soon as possible. However, due to the unconditionality of the BI, the government can do nothing against do-nothings, lazybones and spongers or against the freewheeling surfers and artists. The parasites cannot reply that this no-work option is also available to others, because it is just the moral acceptability of the option which is the issue. This reciprocity-based parasitism objection is a ponderous argument against BI. The really interesting question is whether laziness and freewheeling on a large scale is a legitimate threat. First I will give some qualifying remarks concerning the position of the truly lazy and then turning attention to the freewheelers.

It cannot be excluded that some will adopt a conception of the good life which qualifies them as truly lazy, but is it plausible that a large part of the population will do so if they can? Levine (1995) argues that the demands of reciprocity and equal respect (neutrality to different conceptions of the good life) are mutually conflicting, and that as affluence increases, the urgency of reciprocity recedes in favour of a state-supported right to be idle. I do not want to delve further in this intricate argument in favour of the lazy, but only wish to add that according to Levine "... most genuinely autonomous agents would find productive activity (pursued in or out of the monetized economy) an intrinsic part of their conceptions of the good, and because under real world conditions productive activity is generally attached to paying jobs, I am not worried that, in a genuinely free society, many people would choose unemployment or significant underemployment regardless of how a right not to work is implemented. I therefore doubt that a right not to work will prove unacceptably costly" (*ibid.*, 265). If this optimism is shared, then the real danger of a BI is probably not large scale *inactivity*, but activity *uncontrolled* by either the state or the market. This lack of control on those who choose not to perform paid work, although able to do so, is indeed a feature of the BI proposal which can be positively or negatively evaluated. It is therefore not fanciful to believe that under a BI scheme a strong proliferation will occur of non-marketable activities. These non-marketable activities may show a great diversity,

ranging from joining Greenpeace to desperately trying to make a living as a musician.

With a substantial BI sufficient to provide for basic needs, everyone is free to do as he or she likes, irrespective of whether there is a market for it or not. Seen from this perspective, isn't a BI a license to engage in activities without any concern for societal needs and wants? Isn't it the road to abolish the market as a disciplining device on one's activities? The provision of a BI gives artists, e.g. all those who have studied unmarketable professions like arts, philosophy, music, etc., the opportunity to do only what they find interesting. Admittedly, the set of choices (or lifestyles) open to everybody is greater under a BI than under a conditional scheme: everybody has the real choice whether to work or to indulge in leisure spent in an artistic way. However, advocates of conditional social security will object that fortunately there is no such thing as a state supported right to freewheel, and that maintaining the link between work and income has priority above expanding choice sets. Although the choice set open to the artists may be widened by introducing a BI, it nevertheless is not wise and right to introduce it because the cost of providing this extra choice to those who are not performing paid work is in the end paid for by those who perform paid work[27] (their opportunity set is reduced since they will receive less net income for the same work effort). There is no right to an interesting job, nor a right to do only those things one finds interesting. In general, wages received by workers reflect the value others attach to their labour. These wages depend on the amount of marketable and hence exchangeable assets which each worker has, and how eager to use these assets productively. In the market place, one is not paid for the value of possessing these assets and their use for a producer, but for the value they hold for the purchasers. The market serves as a disciplining device making agents keen to direct and shape their activities and, perhaps more important, their skills with an eye to the value it offers for others.

In summary, under a conditional scheme the activities and interests of some citizens (here for the ease of argument called artists) is not seen as a legitimate ground for receiving benefits. It goes too far to argue for a BI just to accommodate artists' wishes, but it is clear that under a BI scheme they are in the position to follow their preferences. In the same vein, it cannot be ruled out that under a BI scheme many more students will chose the kind of educations with a high leisure-time value and a low market-value. The other more positive side is that not only the set of choices of non-workers expands, but also that of workers: for all workers, especially low wage workers, there is more scope to search only for what they see as a good job. The possibility to abstain from any form of paid employment if jobs available to them do not offer what they are looking for, may serve as a kind of disciplinary device for employers to improve working conditions. However, a BI system is not a system which offers everyone a right to an interesting

[27] Another important, and related, issue is whether it is defensible to tax one way of life more heavily than others, or even to subsidize one way of life by taxing another way of life. In the case of lifestyles which require hard working and lifestyles which require abundant or even full-time leisure, a unique solution to this problem can be obtained by using the principle that everyone has to bear the consequences of one's own voluntary choices (see chapter 3).

job, let alone to guarantee a job for all those who seek work. What a BI does in this respect is that it gives to all the real opportunity to balance the net utility of a job offer to the net utility of leisure (including a BI). If workers find that the first side of the balance is in the red, either the reward for the job must be increased or its conditions of employment must be improved. This theme, that a substantial BI can serve the interests of low-skilled workers for greater compensatory justice, is taken up in chapter 4. There I argue that there is a tradeoff between the endeavour to reach a state of affairs with no-parasitism and a state of affairs with compensatory justice.

So far the attempt to bring the idea of BI in line with the demands of reciprocity is not exactly a success story. However, as the example of the artists illustrates, an inherent difficulty in using the parasitism- or reciprocity-argument against BI is the lack of a clear-cut criterion for assessing the social usefulness of all kinds of activities (this is a problem which ideally need to be solved under a workfare scheme, but not under a BI scheme). Admittedly, the alleged social uselessness of freewheeling activities and the casualness with which some may take the liberty to freewheel under a BI scheme may go against the grain of the general public, but the reciprocity argument is not suitable in this respect. To use the reciprocity argument here would mean that just because of the lack of a clear-cut criterion to evaluate social usefulness, it is legitimate to use all kinds of disciplinary measures to ensure that everyone does the things which are considered socially useful according to some objective standard or consensus. There are two further considerations. Firstly, when comparing the present and the BI social security scheme with respect to whether the demands of reciprocity are really met, one has to compare the number of persons who receive the BI but do not 'deserve' it (because they do not make any reciprocal contribution to society) with not only the number of persons who are now 'non-deserving' social benefit recipients but also with all 'deserving' recipients who are locked in a position that they cannot make a contribution (e.g., because of the rule that it is not allowed to enroll in formal schooling or doing full-time volunteer work while on welfare). If the group of 'non-deserving' BI-recipients is small, then one has to think about whether we are prepared to put up with these 'malafide' recipients of BI. This brings us to the second consideration, namely the disbursement of BI to all, subject to some reasonable and broad reciprocity-test (a list containing a wide range of approved activities including care work, training, sabbaticals, extra leaves to recover from burn-out, etc.). This proposal, known as *participation income*, was made by Atkinson (1995a, chapter 15). Except for the reciprocity-test it shares with the BI that it is individualized, not means-tested and independent of past and present labour market status. The main advantage is that this system allows a wide range of unpaid, but contributive activities (and thus excluding the more extreme freewheeling activities) instead of the narrow focus on paid work and government-organized socially useful workfare activities. Van der Veen (1998, 159) believes that such a participation income scheme is ridden with unsurmountable problems:"... there will be huge disagreement as to what this comfortable-sounding way of framing the reciprocity principle should include, both

with respect to the list of 'socially useful activities,'... as well as the duration and quality of performing selected items on the list (should negligently intermittent care work pass?). Whatever the consensus on these matters, the most pressing problem for a reciprocity-minded policy of participation income will be how to monitor and sanction the variety of multi-interpretable behaviour, and what powers of discretion to give to the administrative officers involved in the process ('Good morning. You mind if we go through last month's update of your contributions to worthy causes?')." Given these problems and provided the number of truly 'non-deserving' recipients of BI is low, it is better and more efficient to take the freewheelers and lazybones for granted and remit a BI unconditionally.

1.4 Basic income and the work ethic

Many documents issued by government bodies and political parties preach the work ethic, and not surprisingly. The duty to work is one of the corner stones of present social security. Most social security benefits are in one way or the other tied to paid work. A transformation of present social security into a system of workfare cannot do without the principle that able-bodied adult citizens have an obligation to work. Advocates of the work ethic may either use a *perfectionistic* or a *neutral* stance.[28] I will be brief about the former and concentrates on the much stronger conflict of the latter with the idea of BI.

According to the perfectionistic point of view, paid work has intrinsic values for the worker and for society. Because paid work means earning an income, developing one's skills, structuring one's time, having social contacts, enforcing one's self-respect and so on, it is seen as the most important constitutive way of personal development and personal responsibility. For society at large, solidarity (understood as the willingness to pay taxes to finance social security) and integration (e.g., immigrants) rests for an important part on active participation in the labour process. The problem with the perfectionistic stance is that even if we agree with the characteristics it ascribes to paid work, it does not imply that a liberal government must force its citizens to do paid work, as the perfectionist stance recommends. For instance, to have children may also structure one's time, develop one's skills, provide social contacts and enhance one's self-respect. By itself this is not a sufficient reason to enforce a rule that all people who are able to have or raise children must do so. Moreover, if paid work has such a high intrinsic worth, are adherents of the perfectionistic view not obliged to advocate paid work for all women too? Isn't it true that unpaid work has to a large extent the same characteristics?

To impose a duty to work due to its integrating capacity, is also hardly defensible. Even if we grant that paid work is an integrating device, it does not follow that the government is entitled to

[28] For this distinction, see also Heij *et al*. (1993, chapter 11).

impose it on work-shy citizens, for the simple reason that many more activities can be considered integrating devices, where it would not be just to make them compulsory. The link with solidarity is more tricky. It suffices to note that a BI is neither attractive nor (politically) viable as long as the majority of the public sees it as manifestly unjust (and contrary to solidarity).

The neutral work ethic does not take into account the alleged intrinsic values and takes for granted that some people dislike paid work, or think that it will not make a valuable contribution to their well-being. Nevertheless, defenders of the neutral work ethic maintain that the work-shy must bear the consequences of their voluntary choices: if you do not work, you shall not eat. Social security, so it seems, is compatible with a duty to work. It also is legitimate, following a neutral work ethic, to cut-back social benefits if recipients are unwilling to accept job offers, or to transform present social security arrangements into a workfare system. In sum, the neutral work ethic demands a conditional social security system and is therefore incompatible with the unconditional nature of the BI system.

One way to escape the conclusions of the neutral work ethic is to criticize its narrow perception of work. Not all work is paid work. Even more strongly, the number of hours spent on activities classified as unpaid work is higher than of paid work. It is also widely known that paid and unpaid work is not evenly distributed between the sexes. One advantage of a BI is that it can be interpreted as an implicit wage or reward (and thus also as a kind of social recognition) for the value of these activities, namely for those who carry the burden of keeping the household, raising children, caring for grandparents and grandchildren, and so on. Moreover, the argument goes that it is undesirable that these activities are transformed into the format of paid labour, with contracts, monitoring, quality control, time clocks, and the like.

For several reasons I do not think this is an effective way to counter the conclusions following from the neutral work ethic. For convenience, it may be useful to distinguish unpaid work into three categories: keeping a household, taking care of others and performing voluntary work. For keeping a household it is quite natural to be unpaid because the reward follows immediately: a clean house, or washed clothes. Usually this work is only paid for if it is done for others, i.e., if others buy these (household) services. How the burden of keeping the household is distributed between the household or family members is in the end an internal affair, or, if one member does paid work and another unpaid work, a kind of division of labour. Taking care of others, like raising children, clearly is a 'service' provided for others, but it would be quite odd to demand for it to be paid by them. It would also be unreasonable to ask society at large to pay for it, as the interpretation of a BI as a kind of implicit wage suggests. If children generate positive external effects, or if it is considered unjust that the decision to take children is too dependent on lack of income, there is more reason for the institution of child benefits (or even a parenthood benefit, or paid parental leaves), but not for a BI. Finally, even if we recognize the bias in stressing the importance of paid work at the expense of voluntary unpaid work for society, it does not lead towards a BI, but to a less austere policy concerning exemptions from applying for jobs for those

who perform voluntary work, while they retain their benefit.

To take stock of the arguments given so far, the perfectionist stance towards work, expressed in slogans like 'there is nobility in labour' or in the policy of 'work above income', can be rebutted by invoking the same positive attributes to other activities. This shows that the argument is not strong enough to justify the duty to do or seek paid work. The objection against BI from the position of the neutral stand towards work, expressed in the slogan 'those who do not work, shall not eat', cannot be countered by criticizing the narrow definition of work as paid work only, and by using instead a broader definition of work which includes unpaid work. The neutral work ethic, in contrast to the perfectionist work ethic not making use of intrinsic, integrating or solidaristic characteristics of paid work, can be interpreted as the demand that those who voluntarily choose not to do paid work should bear the full cost of their own choices.[29] In the subsequent chapters of part I, this reading is made operational by evaluating leisure time against forgone production: someone's leisure is evaluated against the production that is forgone because of the choice for more leisure. Those who work full-time cannot be held responsible for others' voluntary choice for leisure and must therefore bear the full costs of this choice themselves. Those who choose full-time leisure are treated as if they have access to the same amount of labour income as fellow citizens with equal earning capacities but choosing to do full-time paid work.

Summary and conclusions

The difficulty of returning to (near) full employment and especially the high incidence of unemployment at the bottom side of the labour market these days, has inspired economists to make various policy proposals. Almost all measures actually applied maintain or even intensify the conditional nature of social security arrangements. The implementation of a substantial BI would engender a major shift in social and economic policy. Even if the BI proposal proves to be economically feasible and sustainable, it would nevertheless not be a serious alternative to present social security systems as long as some popular objections against the proposal cannot be refuted or attenuated. In this chapter, the BI proposal has been confronted with the demands of self-reliance (self-maintenance, self-support, independence), reciprocity and the perfectionist and neutral work ethic. It is undeniable that the necessity of self-reliance or self-support is reduced as soon as everyone is granted a BI. This, however, does not automatically imply that people will behave in such a way that their extent of independence declines, certainly not when both the opportunities to and perspectives for those with the least marketable skills improve. Those who now are supported by means of social assistance benefits may have greater incentives and

[29] I thereby abstract from one reading of the neutral work ethic which says that those who have enough means to their disposal for a decent living (the wealthy), still have a duty to do paid work.

chances to become self-reliant under a BI scheme. By and large this effect is due to the elimination of minimum wages and the poverty trap under BI social security. In this respect it is important to note that the BI can be seen as a non-stigmatizing subsidy for all those with low earning capacities, while at the same it removes the 'bite' of both the poverty trap and the minimum wage legislation. It can also not be denied that under a BI scheme the government must abandon most of the conditions which are now attached to being a social benefit recipient. Therefore, there is no guarantee that recipients of a BI will reciprocate this gift of society with a countergift. As in the case of self-reliance, what one tries to exact from citizens (reciprocity) is here replaced by voluntariness. What about the work ethic, either understood in the perfectionist or the neutral variant? The perfectionist work ethic is rejected because it cannot be taken for granted that the beneficial characteristics ascribed to paid work are indeed unique for paid work alone and do not also apply to unpaid work or other activities (raising children for instance). It therefore cannot legitimizes an across-the-board duty to do paid work on all citizens. Moreover, it would also require that doing paid work is made obligatory to all women who are currently doing unpaid work. The duty to work imposed on social benefit recipients has more to do with reciprocity and the neutral work ethic. The apparent conflict between the neutral work ethic and the idea of BI is given its due by attaching an opportunity price to leisure time, in terms of forgone production. By using this severe criterium, opponents of BI are met more than half way. As will become clear in the next chapters, there is a price to be paid for choosing this criterium: the arguments in favour of BI pertain only to a substantial BI (preferably close to the prevalent social minimum), not to a maximum sustainable BI.