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Basic Income in Complex Worlds*

Individual Freedom and Social Interdependencies

Abstract: This paper is about difficulties in the normative justification of an unconditional basic income—difficulties which are related to the scope of egalitarian justice as well as the dimension(s) of the equalisandum. More specifically, it is contended that Philippe Van Parijs’s justification derived from the principle of Maximin real freedom runs into problems in environments in which scarcity does not offer a conceptual basis for a satisfactory account of social interdependencies. We discuss the following cases: (i) Scarcity is seen as a general equilibrium phenomenon in a dynamic environment. (ii) Social forces of production (particularly non-rival and only partially excludable inputs) play a role in creating wealth. (iii) Informal exclusion mechanisms and patterns of ‘local justice’ matter. (iv) Certain forms of heterogeneity play a role.

1. Introductory Remarks

This paper is about the normative justification of unconditional basic income (UBI) on egalitarian grounds, as attempted in two admirable pieces by Philippe Van Parijs (1991; 1995). Based on a version of income egalitarianism, UBI conceptually and practically is linked to market societies. In order to justify UBI, Van Parijs uses a *price-guided aggregation procedure* to construct a *one-dimensional equalisandum* called ‘real freedom’. Real freedom is maximised across persons (Maximin real freedom or, in short, MRF). This particular aggregation procedure gives a crucial theoretical role to certain ethically qualified shadow prices and—in case of implementation of the scheme—a pivotal practical role to market prices. The price system determines the scope of the equalisandum and, in cases of heterogeneity of resources, the method of aggregation of the different components of the equalisandum. Philippe Van Parijs’s scarcity-centred interpretation of MRF hence could be called ‘Maximin money income’ (MMI). This rigorous market orientation notwithstanding, MMI/UBI is advertised in terms of its potential to transcend the social relations of market society—a capitalist way to communism.¹ But it is also advertised as a scheme which makes a crucial ethical merit of market societies

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¹ See Van Parijs/van der Veen 1993, “A capitalist road to communism”. For space constraints, we are unable to compare Van Parijs with Roemer’s approach (1992; see also Arneson 1992).

universal to the greatest possible extent: “the freedom to say no”² which includes the *real freedom to say no to market interaction* as far as factor markets (for labour, in particular) are concerned. In this respect it addresses old concerns that unfettered market relations—despite old libertarian and contractarian claims to the contrary—systematically develop mechanisms which factually force individuals into the market.

There is some *prima facie* tension between the two claims by means of which UBI is advertised. In a certain respect, the attractive feature of the exit option as exercised in markets is its lack of contingency: you are entitled to say no without asking for someone else’s approval and without being obliged to give reasons for your opting out—provided that you respect certain procedural rules. It is not obvious that enhancing the freedom to say no can go together with enhancing alternative social institutions (such as some form of communism or communitarianism) in which the freedom to say no is not at all the focal point of social relations. In order to assess these tensions, two aspects need to be looked at more closely:

- (1) The systematic role of the price system under a MMI/UBI regime.
- (2) The role and effects of non-market institutions under this regime.

To be sure, Van Parijs’s approach is appealing for a number of reasons; for instance, it is an answer to concerns that welfaristic concepts unduly favour individuals with expensive tastes while steering clear of the discourse about ‘the content of the good’. Moreover, it seems to lead to relatively simple and practicable schemes of distribution policies while preserving the core of its normative content. Even more important, Van Parijs’s choice of equalisandum seems close to compelling if preferences are inconsistent and unstable.³ But the *twofold* role of the price system within this approach (dealing with the *scope and the heterogeneity* of the equalisandum) raises some suspicions.⁴ These suspicions are our motivation to confront the approach with economic environments in which the concept of *scarcity* does not provide the framework to capture all relevant social

This could shed some further light on the ethical character of the social arrangements under discussion. For further aspects, see Levine 1995.

² Hirschman 1970 calls this ‘exit option’.

³ In a quite different context, Sugden 1998 has clarified the normative implications of potential inconsistency and instability of preferences. We come back to that issue towards the end of section 3.

⁴ In a seminar presentation of this paper at the University of Graz, Nick Baigent articulated the suspicion that there may be some *prima facie* tension between the normative framework of non-welfaristic resourcism and a price-guided aggregation procedure which, in a sense, imports welfaristic elements. We expand on this comment here because it may be useful in understanding some of our arguments. Welfarism is conceptually wedded to consequentialism (the former is a kind of the latter). Real freedom is motivated in a way which is clearly non-welfarist. The outcomes of choices are not supposed to affect the evaluation of distributional patterns in MRF. Yet the outcomes of choices enter into the determination of prices—which are not ‘preference-free’ in this sense. Outcomes of choices determine the scope of the equalisandum and determine which tastes are ‘expensive’. Hence they implicitly determine the weights which are attached to preferences. MMI seems to amount to a non-maximising version of ‘weighted’ Welfarism. Moreover, MMI may deserve interest as a blend between welfarism and resourcism (a blend which in a very specific way uses weights to determine which preferences ought to be ‘counted’, and how strongly, in determining the pattern of (re)distribution).

interdependencies or becomes misleading as an ingredient for redistributional exercises (as is the case when certain forms of *heterogeneity* play a role). Now the scheme for global redistribution envisaged by Philippe Van Parijs takes into account some of these conditions and the concomitant social patterns, but it does so in a highly specific way which may distort the normative concerns underlying real freedom. The basic source of these distortions is related to the choice of the equalisandum which gives a pivotal role to a particular social institution, the price system. For systematic reasons as well as in order to get a reasonably high tax-base, Van Parijs attempts to widen the scope of aspects which are ‘translated’ into scarce resources. But some of these aspects do not readily lend themselves to such exercises. The punch line of our critique could be summarised as follows: MMI may go ‘too far’ in translating genuinely public aspects of the environment into command over private resources, and in translating activity-specific assets into a synthetic asset (money). MMI may go ‘not far enough’ in that it fails to account for local distributional injustice, informal exclusion mechanisms and entrenched inequalities between social groups/classes which happen to be interwoven with historically existing mediation mechanisms.

An important aspect of our critique vis-à-vis Van Parijs’s method of eliminating the expensive taste problem may also be expressed by making use of Amartya Sen’s notion of the “*extent of freedom*” (1992, 34). Sen has pointed out that equalisation of means to freedom is compatible not only with unequal achievements—e.g., unequal welfare—but also with unequal extent of freedom.⁵ Our criticism of MMI/UBI is related to Sen’s concerns in that we show that the particular concept of equalising means chosen by Van Parijs in some cases may generate differences in the extent of freedom.⁶

Our strategy in this paper is to confront MMI/UBI with a number of circumstances in which it is likely to become problematic. The problems discussed are centred around two features: First, they are related to the issue of how to deal with ‘local’ *non-market patterns of social relations* in ‘global’ redistribution

⁵ Sen 1992 strictly distinguishes between “the individual’s command over *resources*” (37) and the “freedom to pursue well-being” (39). Whereas command over (external) resources is constitutive for Van Parijs’s concept of real freedom, Sen argues that there is a “gap between *resources* that help us to achieve freedom and the extent of *freedom itself*” (37), which stands for the *real opportunity* (31) to achieve objectives that a person has reason to value. Resources are only means to achieve freedom. If our interest is “freedom of choice, then we have to look at the choices that the person does in fact have, and we must not assume that the same result would be obtained by looking at the *resources* that he or she commands.” (38) The reason for this distinction are differences in personal and social characteristics (like gender, pregnancy, metabolic rates, climatic environment) that can influence ‘the *conversion* of resources and primary goods into freedoms’ (33) substantially.

⁶ Some—but not all—of Sen’s concerns are addressed in the more comprehensive scheme of justice suggested by Van Parijs 1995 where UBI is maximised subject to two constraints: The protection of *formal freedom* (like the non-violation of rights such as self-ownership) and a condition called *undominated diversity* (dealing with special provisions for the handicapped, i.e. people with unequal internal endowment). For the relation between these constraints and the maximisation of UBI see Van Parijs 1995, 25–29 and 84.

For a recent critique of Van Parijs’s theory of justice and of his concept of self-ownership see the review essay by Vallentyne 1997.

exercises, e.g., redistribution implemented by nation-wide tax-and-transfer programmes. Second, they are linked to the exclusive concern with *scarce resources* as the equalisandum and the salient role this gives to the price system as the institution which mediates extremely far-reaching interdependencies. These two issues are factorised, as it were, into the following five arguments which address five different problems.

1.1 Limitations of the Expensive Taste Argument: Scarcity as a General Equilibrium Phenomenon in Dynamic Contexts

In the context of dynamic changes in a market economy, the fact that scarcity is a general equilibrium concept suggests that Van Parijs's postulate of moral 'responsibility for one's own tastes' (which is linked to the elimination of the expensive taste problem) is attractive only under special assumptions. One problem is that ideal shadow prices may substantially diverge from market prices prevailing in the period when UBI is implemented. Reasons for this may be externalities, lack of competition and the fact that prices, in general, are not independent of the distribution. Another problem is the change of prices driven by changing scarcity conditions, i.e. *pecuniary externalities*. In both cases, MMI/UBI presupposes a moral responsibility to adjust tastes in the sense that the individual 'should' get rid of tastes which under the new circumstances over night may have become expensive (or else has to face the consequences, i.e., a perhaps sizeable welfare-loss).

Notice that MMI/UBI is less demanding in terms of what we call 'responsibility to adjust' as compared to a free-marketsteering view which holds that market compensations are just. UBI tends to 'insure' individuals against the changes brought about by pecuniary externalities insofar it tends to offset gains and losses caused by changing market prices of external assets and market remunerations of human capital. Under UBI, individuals are no longer 'held responsible' for anticipating these changes by a timely adjustment of their portfolio of assets and of their pattern of economic activities according to the changes in relative scarcities, but they *remain responsible for the adjustment of their 'portfolio' of preferences!* The question, then, obviously is, How attractive is it to construe an ethically relevant asymmetry along these lines? In section 3 we consider some of the problems which crop up if we wish to establish this asymmetry and suggest to deal with the expensive taste problem without invoking the notion of responsibility.

1.2 Informal (Non-Price) Exclusion

Formal or informal non-price exclusion mechanisms may deny some people access to some kinds of resources. In the case of *scarce* resources this poses no problems for MMI/UBI (at least not as far as the theoretical concept is concerned) because the resource valuation preceding the calculation of net transfers under UBI is based on ideal shadow prices, not on actual market prices which may be distorted for several reasons. Now the capability of individuals to achieve well-being in modern societies largely depends on human-made aspects of the environment (be

they planned or unplanned). Their use is either fully non-rival (knowledge) or else has important non-rival aspects (productive capacity). Hence the shadow price is zero. Liberal political philosophies postulate free access in this case. This often is attractive, but there are cases in which it does ‘too little’ (in terms of MRF). It may do too little when access is systematically unequal, caused by entrenched inequalities and asymmetries along distinctions between social class, race, gender etc. In section 4 we raise some general questions of how to cope with this class of problems in the context of policies which aim at promoting real freedom.

1.3 ‘Socially Constructed’ Scarcity: Power or Efficiency?

Van Parijs accounts for some of the exclusion mechanisms just mentioned as scarcities. In section 5 we argue that converting *non-price exclusion from non-rival activities* into the language of scarcity may result in avoidable distortions of the underlying normative concerns. Even though the incidence of relative scarcity is contingent upon general equilibrium considerations, scarcity is an unambiguous and meaningful concept with respect to exogenously given external resources. However, scarcity becomes a somewhat elusive concept if applied to human-made aspects of economic systems, such as ‘jobs’ or capital. We argue that Van Parijs’s attempt to construe ‘*job opportunities*’ as *scarce assets* is problematic because even the undisputed factual existence of *non-Walrasian* (non-market-clearing) labour markets does not imply that jobs are assets with a non-zero shadow price. We set the agenda for some refinements of Van Parijs’s arguments along these lines.

1.4 The Private and the Political: Limits of Liberal Neutrality and the Exit Option

Real freedom of individuals certainly is affected not only by their access to non-market institutions such as the family but also by the distribution of benefits within these institutions, *both of which* may be characterised by systematic inequalities—inequalities which cannot be accounted for by differences in preferences. We argue in section 6 that the classical liberal assumption that non-market institutions are part of the private domain of individuals with respect to which the state must be neutral (which is basically endorsed by a liberal doctrine à la Van Parijs) may yield illiberal non-neutralities with respect to real opportunities.

1.5 Activity-Specific Scarce Assets and ‘Absentee-Owners’

There is a further ambiguity residing within the notion of scarcity. It emerges if we move to a world in which heterogeneity of needs and tastes play a role. The (rival) use of an asset by some *individual* for a certain type of activity may exhibit a positive social opportunity cost, even though no alternative type of *activity* is known which uses this resource. We show in section 7, for example, that it may lead to odd results to include positive shadow prices of activity-specific scarce assets (ASSA) in the tax base for a global redistribution scheme. Put another way, it

may lead to something like an undue advantage given to ‘absentee owners’, as they may benefit from other people’s needs and tastes without having any relation to them.

The aspect put forward in section 7 is related to a number of questions, e.g., Is just any difference between individuals a handicap which is not a difference in taste? What does MMI-egalitarian policy mean in presence of strong forms of diversity of tastes, e.g. diversity which is created by heterogeneity of culture? It turns out that there is a tension (or even incompatibility) between taking serious certain forms of diversity and income-egalitarianism. If differences between individuals are rooted in certain types of differences between ‘culture’, income egalitarianism may become a problematic form of avoiding the trouble of discourse about the good.

The remainder of this essay is organised as follows: In section 2 we summarise the concept of MRF and its relation to MMI and UBI. In sections 3 to 7 we discuss the arguments just sketched in more detail. Finally, section 8 offers some speculations about basic tensions in contemporary capitalist societies which are not satisfactorily addressed by Van Parijs’s approach to secure real freedom for all by the introduction of an UBI.

2. Maximin Real Freedom and Private Property

In this section we summarise the concept of MRF and discuss some of the further assumptions which need to be invoked to derive UBI from MRF. In his justly celebrated essay “Why surfers should be fed: the liberal case for an unconditional basic income” Philippe Van Parijs (1991)⁷ starts with the *freedom-egalitarian normative premise* of “*Maximin . . . people’s real freedom*” (103). Real freedom represents an index of external resources which specifies “the whole set of external means that affect peoples capacity to pursue their conceptions of the good life, irrespective of whether they are natural or produced” (113). Van Parijs’s equalisandum is the endowment with external means, the opportunity-set. People should have not only the right but also the *external means for doing whatever they might want to do* subject to certain constraints. Maximin amounts to a kind of constrained egalitarianism⁸ and implies a distribution providing the *greatest possible opportunities to those with the least means*.

The external resources are evaluated at “*competitive equilibrium prices* that would obtain if everyone started with identical endowments.” (1995, 54)^{9,10} This

⁷ See also Van Parijs 1995 for a more detailed and elaborated treatment of the subject.

⁸ Throughout this paper we assume that the Maximin principle is a sensible interpretation of egalitarian concerns. But the force of our arguments does not hinge on this assumption. It does not matter whether Maximin-egalitarianism is substituted by simple egalitarianism or the Leximin-criterion.

⁹ See also Van Parijs 1991, 116. We do not comment in this paper on conceptual problems that might arise with this evaluation procedure.

¹⁰ This idea has quite a remarkable history. The Austrian economist Friedrich von Wieser 1889

evaluation implies the aggregation of heterogeneous external resources into a one-dimensional magnitude.¹¹

To locate Van Parijs's framework of justice some definitions are useful. Call a state with equal distribution of external resources equal private property (EPP), amounting to equal shares of any physically different resource. As private property is closely linked to market exchange, it is natural to evaluate resources at competitive equilibrium prices. Scarce resources—i.e. resources or, more generally, tradable rights with a positive price—are called 'assets'. The sum of an agent's assets is called his 'wealth'. Invoking egalitarianism with respect to wealth yields the principle of equal private wealth (EPW).¹² If resources or wealth are distributed according to the Maximin principle we call such states Maximin private property (MPP) and Maximin private wealth (MPW) respectively. Assuming capital/insurance market imperfections, MPW will differ from maximising individual money income per period (MMI).¹³ Van Parijs' basic premise could be factorised into three sub-premises: freedom, equality, and a premise defining the relevant space for both—a measure for freedom and equality.

Notice three liberal features of this normative premise:

- i) There are many conceptions of the good life.
- ii) Individuals are responsible for the welfare outcomes of their consumption choices: the concern of ethically motivated redistribution is not welfare (or any other concept which refers to the outcome of choices), but *means to freedom*. Hence the constraints of choices are at stake in this exercise. As external resources are equalised and not welfare, the index for real freedom is *not* sensitive to "expensive tastes" (1991, 106). Put another way, expensive tastes are *not regarded as handicaps* for which people need extra compensation: Van Parijs refuses to give extra provisions to the notorious champagne lover. People are morally "*responsible for their own tastes*".

Moreover, only scarce (or priced) goods enter into the calculation of the index for real freedom. "Goods that are genuinely available to all" (1995, 103; 1991, 118)

suggested equal endowment-equilibrium prices as the ethically correct measuring rod ('natural value') for evaluating the social value of various activities.

¹¹ Throughout this paper we assume that individuals do have the same internal characteristics/resources. Hence we must leave it open here whether Van Parijs's principle of undominated diversity is an ethically acceptable way to account for human diversity in internal characteristics or whether it rather treats them as a "secondary complication ... introduced 'later on'" (Sen 1992, xi).

¹² EPW does not fall under the domain of resource-egalitarianisms to which John Roemer's theorem applies according to which equality of resources implies equality of welfare (see Sen 1992, 80).

¹³ Notice that wealth is the present value of an income stream. In a world with perfect capital and insurance markets and identical rational individuals, MMI is equivalent to MPW. In more "realistic" worlds, the choice between MMI and MPW will depend on the nature of differences between individuals, capital market imperfections, insurance issues, issues such as the concept of personal identity and autonomy or assumptions concerning rationality. MPW could be thought of as the egalitarian analogon to Richard Posner's 1981 wealth maximisation principle. Posner's approach is also an interesting point of reference because it implies—quite unlike Van Parijs's scheme—that individuals are forced to take part in the labour market to an extent which tends to be at odds with self-ownership rights.

are part of the opportunity-set of everyone anyway. Because of the non-rivalness of public goods there is no scarcity in terms of opportunity costs.

iii) The implied concept of liberty is basically negative. It aims at creating well-defined and somehow equal spheres of non-interference. Its extension is defined in terms of command over external resources.¹⁴ It captures the classical liberal concern of equal liberty by equalising means.

Perhaps the last point is open to some dispute as the relation between different conceptualisations of freedom is notoriously tricky. It seems clear that real freedom is not *positive* freedom with its perfectionist connotations: the *amount* of real freedom is not sensitive to the degree of autonomy individuals have achieved and has nothing to do with freedom of the will in the Kantian sense. Yet its *conceptualisation* obviously *invokes freedom of the will in order to get responsibility for one's own tastes off the ground*. Moreover, it is not clear how much of a third—in some sense less mainstream-liberal—dimension of freedom real freedom does capture: what Philip Pettit (1996) aptly has called freedom as *anti-power*.¹⁵ We believe that Van Parijs's notion of freedom should be thought of as a radical version of negative freedom. Perhaps some of the points we raise share the motivation of Pettit's notion of freedom as anti-power.

These premises take Van Parijs "under appropriate factual conditions" (mainly concerning productivity) all the way to a "substantial *unconditional basic income*" (1991, 102). UBI can be seen as an instrument to implement the normative premises of MRF. It is determined by the per capita value of society's external endowments.¹⁶ This implies that people who use more than their equal share of the scarce external resources are net-taxpayers—their tax payment exceeds UBI—and vice versa for people using less than their equal share.

A general consideration is useful to get clearer about the relation between MRF and MMI/UBI. Important normative concepts in social philosophy are informed by particular perceptions and conceptualisations of the problems of coordination of individual activities in their relation to human goals. Aristotle, for instance, moulds human goals and social practices to his view of the good life in the *polis*. In the context of abstract consequentialist concepts such as utilitarianism—which

¹⁴ See esp. Berlin 1958, 123, for the argument why negative freedom must include wealth if the distribution of wealth is believed to be human-made and not 'natural'. Negative freedom describes an area of *non-coercion* within that no one else interferes with an individual's activity. The notion of positive freedom derives from the wish of the individual to be *her own* master, i.e. autonomy.

¹⁵ The content of freedom as anti-power can be summarised in contrast to negative freedom and positive freedom. It means: *no one else is her master*. This (i) addresses the problem of negative freedom that absence of interference may co-exist with relations of dominance but (ii) does not presuppose autonomy or a similar 'perfectionist' concept. Van Parijs 1995, ch. 1 seems to make it clear that real freedom is a combination of negative freedom and (what Pettit calls) freedom as anti-power. "The freedom to say no", as Van Parijs expressed one of his central concerns in oral conversation, seems to come pretty close to freedom as anti-power.

¹⁶ According to Van Parijs UBI shall be financed by "taxing the value of all gifts and bequests at 100 percent" (1995, 101; see also 1991, 113). But due to incentive effects confiscatory taxation in general will not be in the interest of the worst off (see 1995, 38–40 and 101f.). For that reason "the presumption in favour of equality may be overridden for the sake of *leximin*" (1995, 39), which constitutes some sort of an optimal taxation argument.

relegates the relations between agents to arguments in their utility functions—the question of social justice is reduced to an institution-free exercise based on the perfect commensurability of ‘desires’ and the degrees of their fulfillment. No social links—and much less particular qualities of these links—between people need to be presupposed for this exercise. No particular social practices and ways of life are in the background of such abstract ethical doctrines. Nor do they lend support to any particular pattern of norms and institutions without further assumptions.

MRF belongs to the family of abstract concepts. But MMI is somehow situated in between institution-related and abstract concepts.¹⁷ This might not be obvious. *Prima facie*, the concept of “resources” seems to be abstract enough and does not seem to connote any more of an institutional structure than the concept of utility. Yet notice that the egalitarianism of MMI, or at any rate the implementation envisaged for it, is conceptually wedded to a particular type of coordination mechanism—private property and the price system.¹⁸ MMI asks for more than simply for placing resources in the centre of the stage. It focuses on agents as owners of liberal private property. The degree of privacy of property is related to the *unconditionality of access to external resources*. Unconditionality does express some degree of asocialness. Absolute unconditionality does not seem to be normatively attractive beyond what is typically thought of as private sphere, such as having the choice whether the walls of your kitchen are blue or pink, even if it is linked with egalitarianism. This certainly holds if we think—in a Lockean or Kantian liberal tradition—of citizens in their double role: as property owners *and as* participants in the realm of politics. Even on libertarian grounds we see no a priori reason for such a strong commitment to privacy/unconditionality. But we agree that in order to secure freedom as non-interference, some reasonable degree of unconditional access to external resources is needed. The concern with external resources seems justified from the viewpoint of pursuing personal projects. We do not deny that MMI (and hence UBI) is a reasonable candidate for implementing MRF. But under the normative premise MRF it makes sense to ask questions like, Should unconditional access to resources be our sole concern? Which aspects of the external world may or should be translated into the private property framework? How convincing is the attempt to translate valuable cooperations with other people into this framework? If it is deemed convincing, do norms of distributive justice only apply to those patterns of human relations which can be coded in the language of private property? Is it plausible that all other human relations—which may be as important for pursuing personal projects or even more so—should be beyond the scope of distributive justice?

We conclude this section by summarising some implications. MMI is an obvious way to make MRF concrete under conditions which make a simple neoclassical outlook appropriate. For instance, this holds good in an atemporal world without public goods and natural monopolies. In general, MMI implements MRF if it is

¹⁷ The same applies to the Rawlsian theory of justice.

¹⁸ The important role of the price system within his concept is made very clear by Van Parijs himself who states, “that equality of (heterogeneous) resources cannot be defined without making use of some market or market-like mechanism” (1995, 149, Fn. 39).

admissible and meaningful in the relevant ethical sense to evaluate the different components of bundles of external means by using shadow prices. This is required to aggregate the different material components of the bundle to one index for real freedom. At an abstract level, aggregation by shadow prices may be ethically undesirable for four types of reasons:

1. External means should be included despite their use exhibits zero opportunity cost.
2. External means should *not* be included despite their use (appears to) exhibit positive opportunity cost.
3. External means should be included because their use clearly exhibits positive opportunity cost. But the external means are used in a non-market institutional context in which no tax base is generated.
4. Evaluation by shadow prices is ethically problematic.

The problems we discuss in the following sections show in a more concrete fashion that these reasons may cause MMI to become unattractive.

3. Limitations of the Expensive Taste Argument: Scarcity as a General Equilibrium Phenomenon in Dynamic Contexts

Let us start with the last of the four reasons just mentioned. Most of us believe that it is unfair if one moral agent, or a collectively choosing group of agents, takes advantage of (an)other agent(s) in a way which violates certain norms of justice. Egalitarians, including Van Parijs, moreover believe it is unfair to do nothing about disadvantages of individuals for which neither they themselves nor other moral agents are ‘responsible’ in the sense of having ‘caused’ them through a decision process in which moral norms may be thought of as playing a systematic role. These may be ‘natural’ handicaps (which are not dealt with in this paper) or disadvantages which are socially produced—by human action, but not by human design. Market processes are apt to generate this last type of disadvantages, as even a non-egalitarian like Friedrich Hayek would emphasise.

Van Parijs’s scheme presupposes that market compensations (wages, profits) are morally arbitrary. UBI does a lot to offset disadvantages produced by market contingencies. In order to determine the scope of the offsetting-policy, the concept of responsibility is employed, thereby eliminating the expensive taste problem. But the case of expensive tastes just shows how difficult it is to use it for a clear-cut limitation of the scope of redistribution policies. Pecuniary externalities of technical change or changes in resource availability may transform activities into expensive tastes which formerly were important elements of the social pattern of specialisation and/or still are important for the identity of particular classes of individuals. Totally discounting these aspects could well be in tension with the very core of an ethical goal such as equality. Equality as an ethical principle presupposes that there is value in the relation between lives of different people (not just in the lives themselves). Now in a pure market economy people may be

(and historically often were) affected by ‘changing scarcities’ in drastically different ways. Given that market economies are inextricably linked to change, egalitarians should pay attention to the question of how different people are affected by those changes. To restrict the implications of such unforeseen changes perhaps some weak axiom of ‘dynamic’ equality should be invoked. While the properties of the evolutionary processes for the selection of institutions in many cases will create tendencies to provide incentives for individuals to adapt their plans and habits to changes in relative scarcities, it is not at all clear that such adjustments are ethically valuable under all circumstances and that they should dominate other ethical concerns which may be relevant in the course of these changes.¹⁹ This problem may occur even if we assume that price systems do not contain any arbitrariness and always induce an unambiguously ‘correct’ adjustment.²⁰

Let us consider two difficulties with Van Parijs’s approach in this respect in more detail. First, think about the process of introduction of the UBI scheme, starting from some ethically arbitrary status-quo pattern of distribution. The correct prices needed for Van Parijs’s exercise are equal endowment-Walrasian equilibrium prices. Prices prevailing at the status-quo distribution and the fictitious Walrasian equilibrium-equal endowment prices may differ. Under such circumstances the introduction of an UBI may have drastic consequences for the welfare of some individuals. This may be the case even if we assume that we live in a private-good world not stricken by problems such as multiple equilibria which would add a degree of indeterminacy to the notion of relative scarcities in an even wider sense, i.e. make them contingent upon extra-economic events. These problems can be ruled out if we assume that the conditions for the First Theorem of Welfare Economics holds good. If, in addition, preferences exhibit no wealth effects, we are out of trouble as far as this first general difficulty is concerned.

But if preferences exhibit wealth effects, the ideal price vector will differ from the historical price vector. Individuals have adjusted their preferences to relative scarcities expressed by the historical price vector. Hence at least for the transition process when UBI is introduced the idea of responsibility for one’s own tastes seems to be questionable in terms of coherence—even if the *calculation* (think, in particular, of the informational difficulties) of a fictitious general equilibrium price vector poses no insurmountable practical problems.

Second, consider Sarah. Sarah likes growing flowers. She needs access to external resources to satisfy her craving for flowers. Suppose she lives in a society of

¹⁹ E. g., Goodin 1990, 547–553, argues, that it is morally valuable “to have some guarantee that the fluctuating fortunes of ourselves and others will not needlessly interrupt our long-term plans”. Such a guarantee enables people “to enter into long-term commitments” (548). Whether or not individual plans “should” be adjusted, depends on the degree of “permanence” of a given change.

²⁰ Neo-Ricardian economists, in particular, emphasise that the opposite may be true as far as relative prices of factors of production are concerned. In a neoclassical context problems of non-existence and non-uniqueness may render the normative properties of *real-world* price vectors doubtful. Van Parijs is “not too bothered” by the possibility of non-unique competitive equilibria as this does not affect the suggested procedure for valuation of the external resources. The possibility of non-existence of equilibria is in his view “admittedly more embarrassing but fortunately seldom realistic” (1995, 249, Fn. 32).

100 identically talented persons. There is only one kind of external resource—call it land. There are 1000 acres of land. Every person is endowed with 10 acres of land. 100 acres of the 1000 acres are suitable for growing flowers only, i.e., there is no alternative use for it. Furthermore, suppose that 60 individuals have the same craving for flowers like Sarah, and current technology determines that one individual can manage to cultivate a garden of just one acre. So currently there is abundance of gardening land of 40 acres. The opportunity cost of gardening and the equilibrium rent would be zero. So would be the tax she has to pay in a Van Parijs regime, if she is the user of the gardening land. Hence, if there is abundant land suitable for gardening, there is no problem.

Now suppose that gardening technology improves, driven by some exogenous event. As a result, with zero price for gardening land all flower-lovers would like to have gardens of two acres. Gardening land becomes scarce, as the supply of 100 acres is smaller than the demand of 120 acres. Sarah's gardening activities now exhibit positive opportunity costs, as some or all flower-lovers necessarily will end up with smaller gardens (< 2 acres) than they would prefer. But notice that the rest of the society is not affected by this change as long as everything else remains constant. Nonetheless, under a Van Parijs regime they benefit from the fact that gardening land has become scarce. Van Parijs would now collect a tax from the gardeners and would use the revenue to boost general basic income for all. Gardening now provides positive effects to the non-gardeners in the form of higher incomes. The non-gardeners are better off living together in a society with gardeners than with fellow non-gardeners. Is that fair? Given our concern for equality, it is fair insofar as it lets the non-gardeners participate in an effectively resource-augmenting change of the technology. Society has become richer, and it will be considered MRF-fair that every individual becomes richer too.

Things may develop less orderly if we move beyond the (counterfactual) partial equilibrium view. If we consider general equilibrium interdependencies an exogenous improvement of technology will change relative prices in general. Again, the non-gardeners might greatly benefit from this change.²¹ Perhaps most gardeners now spend all their time in the garden and have zero demand for non-garden resources. Perhaps the price of non-garden resources even decreases to zero. Non-gardeners might as well suffer from such a technological change, or their well-being in terms of opportunities might be unaffected as under the previous partial equilibrium assumptions. Put another way, What about the *pecuniary externalities* of such a change? Should their distributional effects be irrelevant? Scarcity is a general equilibrium property of a social system which means that its incidence may depend on many factors which are beyond the control and the knowledge of individuals. All this raises the question, Why is it necessarily *just* (as opposed to efficient) that she who uses resources having become scarcer eventually should be a net loser and he who is lucky enough to prefer activities which only need access

²¹ This holds even in absence of Pareto-relevant externalities which Van Parijs wants to take into account by "some (unavoidable imperfect) shadow pricing of externalities" (1995, 106) when determining the index for real freedom.

to (now) non-scarce resources should be the net winner? The situation might be reversed by events totally beyond the knowledge and control of the people involved.

Of course, Van Parijs may argue that this isn't but the implication of the libertarian way of dealing with expensive tastes. But should we be prepared to bite this bullet? We believe not. Rather it affords an opportunity to qualify this assumption. In presence of pecuniary externalities typical for technical progress, it may be implausible to invoke expensive tastes in order to deal with changes in relative scarcities. The plausibility of the MMI-version of MRF thus hinges on certain assumptions which may or may not lend credibility to the (implicit) libertarian claim that persons are responsible not only for their tastes but for their *adjustment* when facing *any* changes in relative scarcities. These assumptions probably entail certain concepts of personal identity; they may connote issues of stability and consistency of preferences, and they may have to do something with the answer to the question: How similar or different are tastes in consumption as compared to technologies in production? Think for a moment of tastes as consumption technologies. Think of the possibility of modelling them in an individualist manner, as a time- and effort-consuming investment in consumption skills.²² This is a story which is well compatible with an acceptable account of responsibility for one's preferences, as tastes are not determined from outside by biology or pre-existing social structures. Of course, it invites analogising consumption and production technologies. Metaphorically speaking, UBI provides insurance against what—after some change in relative prices—turns out as bad choice of production technologies or educational choices—but not so with respect to consumption technologies. It is quite a challenge to come up with a good justification for that. It is hardly plausible to invoke an a priori distinction. Developing one's own creative potential seems to be as much a duty as avoiding to develop an expensive drug addiction. The most promising line of argument seems to stress the fact that changes in the production sphere are less predictable because the individual is part of a huge system of cooperation and division of labour whereas with respect to consumption dependence on others is much less pervasive.²³ It is not likely that investment choices with respect to consumption technologies afford better opportunities for self-insurance by means of portfolio diversification as compared to production technologies. Yet whereas consumption technologies may offer better opportunities for diversification than *human* capital investments, investments in *real* capital are *likely to be superior to either of the two person-bound investment alternatives* in terms of diversifiability.

Instead of pursuing this further, consider a perhaps more promising potential leverage for Van Parijs's case than trying to establish *asymmetrical responsibility* concerning tastes and productive capabilities. Robert Sugden (1998) recently has argued roughly along the following lines: if we have reason to believe that

²² Economically speaking, the main difference to human capital investments is the lack of tradability of consumption skills.

²³ E.g., Sen 1992, 148–150, constrains appealing to personal responsibility in cases of uncertainty, incomplete knowledge, limited ability of individuals for rational choice and social barriers that restrict preferences and choices. Notice that the element of rationality in the formation of consumption habits may be relatively less and not more important than in the case of creative and productive capabilities.

preferences are unstable and inconsistent, we have reason to endorse a measure of opportunity based on prices. This is quite close to the equalisandum suggested by Van Parijs. Even though Sugden does not combine it with egalitarianism we see no reason why it should not be so combined. Perhaps the better idea is to bury responsibility for one's own tastes and instead to try to make the case for money as measure of opportunity by invoking instability and inconsistency of choice behaviour.²⁴

4. Informal (Non-Price) Exclusion

In existing societies there are many non-price mechanisms which exclude some persons from access to some *scarce* goods. While it may pose practical difficulties to include these cases in the redistributive exercise suggested by Van Parijs (some of them are dealt with in the next section), it is at least theoretically clear that the whole exercise should be based on general equilibrium prices in absence of non-price exclusion. Exclusion mechanisms also apply to human-made aspects of modern societies which are basically non-rival. Why may there be a problem of justice? While social efficiency in the Pareto sense and most welfaristic theories of justice would require free access in cases of non-rival use, exclusion may and does occur due to either formal or informal non-price exclusion mechanisms. There may be informal exclusion mechanisms with respect to technological knowledge, access to markets and to free (non-scarce) goods. For example, assuming that spatial location encompasses important non-choice elements, one particularly simple informal exclusion mechanism is geographical distance.

Hence we may observe patterned inequalities with respect to the factual access to some non-rival aspect of the environment. The beneficial use of it may require some particular productive skills, consumption technologies, cultural capital or life-styles. The distribution of these capabilities may be linked, say, to a particular historical division of labour and/or to certain cultural values and norms. For instance, the historical patterns of the gender-related division of labour may discriminate against women as far as the access to market-mediated production activities is concerned. This may be true even in cases—such as those captured by a Walrasian labour market—in which the shadow price of jobs is unambiguously zero. Think, for instance, of cases where statistical discrimination (which is linked to the gendered division of labour) has the effect that the labour market treats women with a certain profile of abilities worse than equally able men.²⁵ Or suppose there is a two-class-society consisting of masters and slaves. The slaves did all kinds of mean and hard work whereas the masters developed culture and science. In addition, the masters had the position of cultural hegemony which means that the slaves were oriented towards the masters' culture even though they lacked the capacity to grasp its subtler doctrines, to make sense of its more sophisticated

²⁴ This holds unless it can be shown that this very idea is needed by income-egalitarians to sustain their ethical egalitarianism and avoid ending up with Sugden's contractarian conclusions.

²⁵ See, e.g., Sturn/Sturn 1992.

paintings and to enjoy its more refined pleasures. These capacities can only be acquired by an education lasting for many years, perhaps only by an education ‘in the master’s way’. How would one implement MRF in such a society? The masters benefit from the use of cultural capital (whose use by an individual member of the master class has zero opportunity costs). The slaves are factually excluded from these benefits, yet cultural capital is not a suitable tax-base (for practical reasons as well as on the grounds of MMI/UBI premises). Or suppose some new technology becomes available which enables *some* agents to make beneficial non-rival use of a given abundant resource. Or think of a technology change which helps to economise on the use of a scarce resource, perhaps up to the point where it becomes non-scarce. Basic income will not necessarily be boosted by any of those (it even might be reduced and the least well-off might suffer), even though *some particular groups* may become richer. Given such informal exclusion from non-rival use, there are many ways in which *some members or groups* in the society become richer and yet don’t give Van Parijs the motive and the opportunity to collect any additional taxes. Informal exclusion clearly may affect real freedom in the broader sense of Sen’s extent of freedom. Hence it should be taken into account systematically. One way to achieve this are policies which enhance access for the disadvantaged (e.g. programs for education).

5. ‘Socially Constructed’ Scarcity: Power or Efficiency?

For the task of this section it is useful to remember some of the economic conceptualisations of human made aspects of modern societies. Economists call them organisational/social capital and increasing returns-technologies. Karl Marx called them “social forces of production”. We are interested in the question which of these types of cooperation must or can be included in the index for real freedom and therefore in the tax base and which not.

As already mentioned above, external resources are necessary for people to make beneficial use of their internal resources and to be able to pursue their personal projects. But this ability also crucially depends on their access to beneficial forms of cooperation. Particularly in modern societies access to cooperation seems to exceed access to external resources in its impact. One can see such access-opportunities to social cooperation as non-rival but excludable resources. Some of the aspects related to cooperation will be incompatible with the type of perfect competition required in Walrasian models. It seems clear that not just any Non-Walrasian prices (either empirically observed or modelled in some Non-Walrasian fashion) will do the job of valuation of scarce external resources, but only certain ideal (shadow) prices. We come back to this problem in the labour market context.

But first we need to focus on a further aspect of the problem of restriction of access to something by some social mechanism (prices, rationing, norms etc.) and hence its appearance as scarce. There are two polar opposite rationales for exclusion mechanisms: (i) The mechanism secures power and privileges and fulfills no other functions. (ii) The mechanism fulfills an indispensable coordination

function. In the ‘real world’, power and coordination functions use to be intricately linked and are difficult to disentangle. Yet it has to be kept in mind that ‘compensatory policies’ (which preserve existing institutions and compensate for their unjust effects by some kind of redistribution) presuppose (ii). Unless (ii) can be established, there is a *prima facie* case for institutional reform.

Van Parijs is aware of the importance of social forces of production, but MMI is in some respects poorly equipped to take it into account. Under MMI, society is much like a private corporation with the citizens as shareholders. While this shareholder-model may or may not be regarded as attractive with regard to external physical resources, it is hardly adequate to address the issue of productivity-enhancing social relations. Let us illustrate this in the labour market context. Van Parijs (1995, 106-109, 117-119) addresses the problem of unequal access to job opportunities in some detail. In order to equalise the scarcity rents also for these types of external resources and to boost UBI he suggests the taxation of employment rents.²⁶ To back his claims, among other things he uses two models of modern labour market theory, the insider-outsider model and efficiency wage models. Both models pose problems in the way they are used by Van Parijs.

First, to socialise employment rents by taxation in order to boost UBI is far from being an obvious policy implication of these theories. Quite to the contrary, it is highly problematic. If the insider-outsider model is true, the appropriate step is to crush the bargaining power of the insiders by public policies and to guarantee conditions of free entry. Finally, we will find us in a world with a Walrasian labour market with no job rents. If on the other side the efficiency wage model is true, it is impossible to redistribute the employment rents in any simple way because that would destroy a mechanism which is crucial for the functioning of firms.²⁷

Second, what about quasi-rents of workers that are generated by sunk costs, e.g. costs generated by human capital investments?²⁸ Should they be included in the tax base or not? Probably they should, given that emphasising scarcity commits us to looking forward. But the implication seems unjust. Van Parijs (1995, 123 f.) agrees, but his way of addressing it by optimal taxation arguments raises

²⁶ At first he argues, that in “a non-Walrasian economy . . . people’s endowment is not exhaustively described by their wealth . . . and their skills: The holding of a job constitutes a third type of asset”. For a real-libertarian the implication of this is “to sharing among all the employment rents otherwise monopolised by those in employment.” (1995, 108) In a first best world this has to be done by job auctions. For practical reasons and as there are also rent-components in other types of income Van Parijs (1995, 113–125; less detailed in 1991, 121–127) ultimately ends with a comprehensive (second best) income tax scheme with differentiated tax rates for the different types of income (wages, income from self-employment, capital income).

²⁷ Van Parijs 1995, 113f., 116 and 118, is aware of this problem and addresses it at length. At the end he suggests a “pragmatic” solution of an optimal taxation type: Employment rents should be distributed Leximin “by simply taxing jobs as a function of their wages only, up to the point at which the sustainable yield starts declining, and next distributing the proceeds equally among all.” (123)

²⁸ A *rent* is a return received in an activity that is in excess of the minimum needed to attract resources to that activity. A *quasi-rent* is a return in excess of the minimum needed to keep a resource in its current use. Quasi-rents are greater or equal than rents, the difference (if any) being the sunk costs (non-salvageable costs). For a nice exposition of the economic rationales of rents, see Milgrom/Roberts 1992, ch. 8.

further questions. Assume for instance that educational careers are determined extra-economically and are yet not cost-neutral for individuals. 100%-taxation of educational returns would hence sustainably maximise tax revenues but may cause avoidable inequalities in real freedom. Further problems are related to the interdependence of sunk costs and power.²⁹

Third, there are even deeper problems which are caused by asymmetric treatment of different forms of social mediation. Consider Ines (I), Jan (J) and Kevin (K), three other members of our 100 person society. Further technical progress has occurred there, offering now the perspective of establishing one industry, the computer industry. 100 of the 1000 acres are suitable industrial area, with no alternative use. Suppose, I becomes a capitalistic firm-owner and hires J. If I hires J—to generate productivity gains via specialisation, cooperation etc.—K again is probably going to benefit. At least according to the Van Parijs regime in which employment rents are taxed. Should we endorse such a kind of redistribution? Imagine that I and J are engaging into different sorts of cooperation. For instance, they might still produce software for the market but organise their cooperation by a partnership, labour-managed firm, or a suitable pattern of market contracts (but not an employment contract). Would that make a difference? Or should it? According to Van Parijs (1995, 117f.), not. But what about another scenario: I and J might jointly engage in all conceivable kinds of non-market activity, such as philosophy, politics, poetry, or love, some of which might indeed be very valuable for them. For these purposes they might establish different forms of non-market cooperation (families, households, unions, grass-root movements etc.). Should K benefit from the value created in these non-market cooperations of I and J? And in case he should benefit, how could this be implemented? It is true that Ines's and Jan's philosophy, poetry, and love may have unforeseen beneficial consequences for K. But this is a different issue which lends no plausibility to a normative claim to make K a direct shareholder in the value created by them. Intuitively, this seems somewhat unattractive as far as non-market activities and some forms of cooperation outside the capitalistic firm are concerned.

But why, then, is it that cooperation typical for capitalistic markets should be treated differently? If we wish to stick to neutrality, the only obvious argument in favour of treating the market differently seems to be that it *can* be treated differently—because market prices are available in order to assess values and also as a base of taxation whereas in the other cases only shadow prices could be calculated by the tax authority. Clearly moreover, the feasibility argument is a normative argument only insofar 'ought implies can' is invoked. This suggests that we should look case by case at all institutions which mediate cooperation from two viewpoints: The exclusion properties and the internal distributional patterns. It might turn out that a substantive reason for not taxing some forms of cooperative institutions is their 'external and internal fairness', e.g., the existence of non-money-mediated obligations and duties within these institutions which in a sense

²⁹ See Sturn 1998 for further discussion of this problem.

might be seen as an equivalent to taxation and the ‘acceptability’ of prevailing practices of exclusion.

To sum up: Some of the problems of differential access to institutions such as firms may be construed as scarcities. Such a translation of unequal access to scarcity related concepts may result in a neutrality problem. Some institutions lend themselves for a translation into a scarcity-framework—conceptually and in terms of suitability as a tax-base—much more easily than others. Insofar different comprehensive concepts of ‘the good’ are linked to different views about the appropriate scope of markets and, hence, to different scope and depth of the price mechanism in the mediation of social interdependencies, MMI is likely to give rise to ‘illiberal’ non-neutralities. Whether or not some particular resource is included in the equalisandum may, among other things, depend on whether the use of it is mediated by a price system or not. Hence the degree of inclusiveness of the equalisandum is stricken by arbitrariness. Given the same endowments of resources, the freedom of different individuals may not only vary according to different handicaps these individuals face when making use of these resources. It also may depend on the way in which their different life-styles are embedded in the market mechanism and on whether priced resources are in the core or at the fringe of what contributes to ‘the good’ in a particular way of life.

The first-best policy suggested by MRF in presence of social forces of production is securing open access to these forces, not taxing some privileged incumbent users of them. Society should favour policies which ensure that *all* opportunities afforded by *any form of* cooperation are *open to all men and women* without arbitrary discrimination—and not policies which translate the benefits afforded by *some* forms of cooperation into monetary benefits for all. UBI in this regard is a second best policy. Another question is: can production and cooperation in the market-capitalistic sector be considered different from the non-market sector in the relevant normative sense? From the normative premise of MRF, one would probably have to show that there exist differences in access with respect to different forms of cooperation—corresponding to the opportunity to collect rents in some of the cases but not in others. It is problematic to base the argument on the assumption that there is free access to all types of non-market cooperation.³⁰ All in all, it is unlikely that one can come up with general results supporting Van Parijs’s case. But it may be possible to find interesting special conditions (which capture some stylised facts of contemporary capitalism) which support it to some extent.

6. The Private and the Political: Limits of Liberal Neutrality and the Exit Option

The issues dealt with in this section are concerned with the same types of social institutions as in the previous section. But the focus here is the internal distribution

³⁰ Van Parijs/van der Veen 1993, 170, argue very plausibly that there is very unequal access to some forms of beneficiary non-market production activities.

within these intermediary institutions, only mentioned in passing above. Related problems have been dealt with in an enlightening way in two recent articles by Philip Pettit (1996) and G. A. Cohen (1997). The postulate that “the personal is political” is closely related to the general concerns raised in this section. The distributional effects of the social environment which (for whatever reason) are not mediated by market prices should be included in distributional considerations. Real freedom of individuals is affected not only by their access to non-market institutions but also by the distribution of benefits within these institutions. In the context of Van Parijs’s framework, this issue is addressed by emphasising and enhancing the exit-option, i.e., competition between ‘private institutions’. Yet even an exit-option enhanced by UBI may fail to do its job and produce non-neutral results, e.g. because mobility costs remain asymmetrical or because people are mutually dependent for psychological reasons. Intermediary institutions are often factually governed by a complex pattern of norms and expectations which are the outcomes of evolutionary processes. We poorly understand many aspects of these processes. But we have reason to believe that these norms, expectations and perceptions may prevent the spontaneous development of more egalitarian alternative institutions which efficiently serve the same coordination purpose.

The economic rationales for intermediary institutions like families are the provision of local public goods or club goods and the income sharing function. Standard economic theory suggests that—in presence of public goods—the issue of allocative efficiency and the issue of distribution can no longer be neatly separated as it is the case in neoclassical private good worlds. Such a separation would be required in order to identify a ‘morally neutral’ part of the institution under consideration. (“Let’s first take care of efficiency and then—independently—divide the cake.”) For instance, in bargaining models of the family efficiency may be incompatible with certain distributional outcomes.³¹ This is a way of expressing the fact that social institutions and mechanisms must not be thought of as morally free zones, particularly not in cases where public goods are involved. A crucial empirical case is the mediation of activities by families, one of the most important non-market institutions. In the context of families, distributional issues certainly cannot be generally separated from allocational issues. For instance, the allocation of the time of the family members to market labour and family labour may affect their bargaining power, but at the same time it may have efficiency-aspects (division of labour, specialisation etc). Hence public policy may aim at enhancing equality of real freedom within these institutions by policies which do not exclusively aim at enhancing the exit option but at ‘improving’ the existing institutions. Of course, arguments from liberal neutrality seem to militate against such policies; but notice that liberal neutrality itself becomes ambiguous under the assumptions of this section which entail the inseparability of issues of efficient coordination of productive activities and just distribution.

³¹ See Baigent/Klemisch-Ahlert/Manian 1996.

7. Activity-Specific Scarce Assets and ‘Absentee-Owners’

The market as an allocation mechanism reconciles *decentralised individual decision making with social coordination*. Market valuations (and hence MMI) reconcile *diversity with a common standard of value*. As far as unpatterned diversity is concerned, Philippe Van Parijs is extremely well-advised in the choice of the equalisandum.³² But notice the following eventual implication of MMI under diversity. MMI implies that people who, neither as producers nor as consumers, have any interest in the scarce resource get an equal share of their value. All they care about is the rent generated by the resource. Call this the *absentee-owner syndrome*.

What, if anything, is wrong with absentee owners whose claims to ownership have been justly acquired or are considered just because they are equal, and equal possession is considered as just? Absentee owners owe their bad image not to their riches *per se*, but to the fact—aptly circumscribed by Adam Smith (1776, I.vi, 56)—that they “love to reap where they never sowed”. There are certainly moral intuitions and arguments which make people resent such patterns of activities. But what is their foundation?

An answer which is relevant to the present line of argument³³ is the following. Equality is about the relation between the lives of people. Egalitarian policies presuppose the existence of some assets which are valued by *all* participants of the redistribution exercise. One may think of redistributive principles and policies which are impossible to carry out because no such asset exists. Take, for instance, utility egalitarianism. Think about the problem of implementing utility egalitarianism in the case of the happy fool and unhappy Socrates. More specifically, consider the following case. Desire satisfaction of person A requires resource X, and of person B resource Y. Each of the two already uses the whole available quantity of the respective resource. A is happy, B not. No way to come closer to egalitarianism in the utility space exists apart from making A less happy (which, of course, would be ruled out by Leximin-egalitarianism). Of more practical interest are cases in which resource transfers are possible but lead to odd results. We come back to that in a moment.

Consider the problem of needs and tastes in a more general perspective. We (and Van Parijs) have dealt only with one side of this problem so far: strictly

³² See also Sugden 1998 and section 3 of this paper.

³³ There are answers which are irrelevant, either because they are addressed by Van Parijs or invoke ‘perfectionist’ or contractarian ethical premises. Such an ‘irrelevant’ critique is the following. ‘Absentee ownership’ is difficult to justify if there are human needs (differing between individuals) that are not mere tastes. This would imply that John benefits from Sarah’s needs/handicaps because the latter aggravate some scarcities, thereby boosting basic income. There is a seemingly easy answer to this critique—an answer which is also part of Van Parijs’s 1995, ch. 3, framework of justice. The unconditional basic income scheme has to be combined with a scheme of extra provisions for the needy, e.g. handicapped people. As already mentioned in footnote 6, Van Parijs suggests the criterion of undominated diversity to deal with the needs/handicaps problem. Notice that this presupposes that a neat distinction between needs and tastes can be established.

egalitarian policies might be challenged if, from the point of view of needs (or ‘handicaps’), we believe that people don’t get enough under a particular egalitarian regime. Then there is a strong case to go beyond this type of egalitarianism. But what about the opposite problem? Strict egalitarianism also may be challenged if people get ‘more than they wish to use’. It seems not compelling to design equalisation policies as to generally include assets in which the beneficiaries (i) take no interest or (ii) the use of which would affect them only in that they disapprove of it. Now such assets may well have positive (shadow) prices and hence be part of wealth and therefore of the UBI. With abstract and synthetic equalisanda such as utility or wealth, equalisation across diversity, as far as it is possible, occurs in an implicit and inarticulate manner. We claim that this may be problematic and normatively unattractive. To be sure, we do not claim that the opposite is true, viz. that it is never permitted to include these assets in redistributive policies. Our point is the following: Why *necessarily* equalise something which some people neither need nor desire (now or in the future) for their projects, and the existence and use of it by others does impose no costs on them beyond the subjective costs occasioned by their own meddlesome preferences?³⁴

Assume now a society in which *activity-specific scarce resources* play an important role in the lives of some people.³⁵ UBI, i.e., a global scheme for redistribution employs the signals of ‘local’ scarcity, i.e., the prices of activity-specific assets. This is not plausible. To see this, imagine an economy which can be decomposed in two subeconomies: a push-pin economy and a poetry economy. Some people love push-pin, and others, call them ‘the poets’, poetry. Everybody loves leisure. Labour time is scarce. Producing poetry requires skilled labour. Only the poets are able to perform it. Push-pin is unskilled and can be produced by anybody. Assume that each group can be represented by a representative agent. Suppose that the external means to produce push-pin and poetry are different in kind and that both types of resources are scarce. The poets own all the poetry-resources and the push-pin lovers all the push-pin resources.

Van Parijs would suggest to equalise the external means to push-pin and the external means to poetry and to allow for trade between the two groups.³⁶ This

³⁴As was shown by example in section 3, it may also be the case that the use of a scarce resource by others make this disinterested parties better off. Take, for instance, an example suggested by Sen 1970 as an illustration for his Pareto-Libertarian paradox. There are two individuals characterised by different cultural values, call them Prude and Lewd, and a copy of *Lady Chatterley’s Lover* (LCL) which makes for a good read for Lewd. Prude finds it disgusting. Not only that he strongly disapproves of the views about sexual conduct expressed in this book. He greatly worries about the possibility that people like Lewd—who obviously are so easy victims to moral corruption of any sort—might read it. Sen does not consider a social situation in which many Lewds exist and LCL—which undoubtedly must be counted among the external means to happiness of them—is scarce and has a market price. In ‘the real world’ it seemingly does occur more often than not that books of this kind are priced. If it has a market price, it can and has to be taxed to boost UBI benefiting the Prudes. But would this necessarily make sense as a suggestion to deal with the tensions inherent in a social situation such as the one stylised by Sen?

³⁵ Milgrom/Roberts 1992, 604, define *specific assets* as assets “whose value is much greater in a particular use or relationship than in the next-best alternative”.

³⁶ This is a simple way of implementing MRF (here equivalent to UBI) which is chosen here for

equalises real freedom in a Maximin sense. But what are the consequences for the *extent* of freedom of the two groups? It may differ in an extreme way as we illustrate in the following: Suppose that (other things being equal) the EPP-endowments of the push-pin lovers contain so much push-pin resources that their extent of freedom doesn't alter very much due to Van Parijs's equalisation policy. They suffer only a minor loss as compared to the initial situation where they had access to all push-pin resources available in society. Suppose, however, that the poets unfortunately do not find in their EPP-endowments after redistribution enough resources required for proper poetry. In a way, the redistribution policy artificially aggravates scarcity for one group in a drastic way. Of course, trade could improve the situation. Fortunately, trade is possible in our setting. There is one resource which is valued by both groups, the labour time of the poets. But there seems to be a good deal of asymmetry and power in this setting. For instance, the outcome after trade could be that poets end up producing a push-pin show for the push-pin lovers twice a day—"isn't it nice watching these guys doing some really good push-pin instead of producing this poetry-bullshit"—at great opportunity costs. As a wage, they receive some additional poetry resources. The point is that the case for such an egalitarian policy in the situation described does not necessarily seem to be compelling. The price of equality in this case seems to be pretty high in terms of freedom. To phrase it in Sen's language, the *extent of freedom* enjoyed by the push-pin lovers and the poets may vastly differ under this egalitarian policy, and may differ more than in the initial situation.

In addition, the egalitarian policy envisaged has an air of alienation. The push-pin lovers may participate as absentee-owners in the value created by poetry without ever knowing what poetry is about. Again, one can argue that this is nothing but the implication of a libertarian non-perfectionist approach. But the force of this argument depends on the answer to the question, *If egalitarianism is about the relation between the lives of different people, is it a good way to implement it by factually forcing the poets to play push-pin?* To be sure, this is also a *conceivable* form of equality or commonness. All individuals now play push-pin: some for fun, some as wage labour. But perhaps there are non-perfectionist strategies which allow us to steer clear of some of the most paradoxical implications of egalitarian libertarianism.

Redistribution along the lines of MMI may be fine in many cases. But we also believe that in certain contexts it may be a better idea to develop other strategies in order to bring about more equality.³⁷ The upshot of the argument of this section is that in some important cases—take the issue of equal access to education—MMI-reductionism may be off the mark as a practical guide to policy.

convenience of exposition. Also for simplicity, we assume that redistribution is possible without incentive problems.

³⁷ Van Parijs 1995, 41–45, discusses at length whether the UBI should be given in-cash or in-kind and favours monetary transfers. But he also identifies at least three categories where goods should be given in-kind: if they are required to guarantee formal freedom (police and courts, military defence, institutions for collective decision-making, etc); if there are positive externalities (education, infrastructure, etc.) and if there are cost advantages in public provision (pollution control, streets, etc.).

In the above example, a more attractive policy seems to imply to give push-pin lovers the real chance to participate in the peculiar benefits and sublime beauties of poetry. Perhaps *opportunities* for learning will do in some cases.³⁸ Such strategies need not be less neutral than MMI. MMI itself fails to be neutral in *every* relevant sense. The general point is this. As in the case of utilitarianism, the MMI-redistribution is conceptualised on the basis of a synthetic measuring rod, prices or shadow prices. The tricky thing is that such redistribution exercises presuppose interpersonal/intercultural comparability of freedoms which is somewhat similar to the interpersonal comparisons required by utilitarianism. The big difference is that, in the case of MMI/UBI, price-systems and money often make available an easy practical solution of this comparability problem. This is an undisputed technical advantage for some cases. But it does not mean that all *theoretical* arguments against such comparability do vanish.

8. Conclusion: Individualist Egalitarianism and Non-Market Coordination

Van Parijs's (1991; 1995) argumentation is characterised by impeccable reasoning and keen awareness of incentive issues. He competently and even-handedly addresses the economic aspects of his argument. This applies even more to his book *Real Freedom for All* (1995) where he discusses and weighs a host of philosophical counter-arguments in a most careful fashion. We think that we found some further counter-arguments. But are they relevant in terms of the empirical probability of the cluster of conditions which drive the arguments? We cannot pretend to fully answer this question in this conclusion. Instead we conclude with some remarks related to the implementation of an UBI in contemporary capitalist societies which are related to our arguments (hence disregarding issues such as migration).

It was contended above that a crucial (though often inarticulated) aspect of the background of contemporary discourse on social justice is the way in which households, firms and the state function in a market environment and how they are related to each other in fulfilling their allocational and distributional tasks. Non-market institutions typically function as institutions of local justice that "allocate scarce goods and necessary burdens".³⁹ Hence one would expect that the attractiveness of a scheme such as UBI is not independent of the extent to which such institutions prevail and perform their functions in a stable manner. Several characteristics of modern market societies have to be taken into account: the heterogeneity in the composition, age-structure and size of households as well as the incidence of different types of households, patterns of market dynamics, and social

³⁸ Perhaps in some cases Van Parijs would follow us. In addition to the externality argument mentioned in the previous footnote, he accepts paternalism to argue for "free education to children" (1995, 247, Fn. 24). Or he is prepared to accept "some mild form of paternalism" (45) to argue for an in-kind provision of goods like basic health care.

³⁹ This is part of the subtitle of a book by Jon Elster 1992.

mobility. Over and above all, questions related to the organisation of productive activities and concomitant long-term commitments have to be dealt with.

UBI has the tendency to *maximise* the extent to which value—production of which to a large extent requires non-market elements of coordination and social choice—is translated into command over money. This is an unconditionally individualistic way of holding value because money generally can be spent (or not spent) without any coordination. This seems to be a basic tension in Van Parijs's approach which is not dealt with sufficiently by relegating all aspects of the practical functioning of an UBI-society into the economics of optimal taxation.⁴⁰ The latter surely is an extremely effective way of addressing important issues raised by incentive- and information-constraints. The problem is that it creates the impression of water-tightness to an extent which may be spurious. Van Parijs's arguments in favour of UBI are compelling given certain liberal premises and some not too complicated neoclassical world, but they share their strengths as well as their shortcomings. It is obvious that more work is required regarding micro- as well as macroeconomic properties of an UBI-society. A not so obvious implication of our criticism for further work seeking to justify UBI is that the most promising strategy is to analyse it explicitly as a second best-instrument for implementing a normative goal like MRF. Such an argument would make carefully limited and qualified use of the sceptical stance towards political decision procedures as developed in the Hobbesian/Humean traditions. Some of the arguments supporting this sceptical stance could be used in order to discredit the possibility of implementing all or some of the refinements in distributional policy which are justified according to the analyses provided in our present paper.

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⁴⁰ For a sketch of such optimal taxation arguments see footnotes 16, 26 and 27.

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