

## **Basic Income, Property-Owning Democracy and the Just Distribution of Property**

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### **1.Introduction**

The questions of just distribution of the property are in the core of political philosophy. These questions are connected to the problems of income and wealth; what is the minimum that each citizen should be able to claim from the society? This question links to the claims for genuine opportunities for everyone which should be the central feature of democratic society. Without real resources it is hard to realize all the rights that just economic citizenship should provide.

There have been different theories of just distribution of property that are connected to different economical systems. The biggest systematic struggle between political and economic doctrines in 20th century was between capitalism and socialism. After the collapse of communism many thought that the capitalism had prevailed as dominating system for the 21th century. But now in the beginning of 2010s it seems

that capitalism has its own severe problems<sup>1</sup> that are questioning its capability to create a truly just society for everyone.

In my paper I introduce two models that could be able to solve the problems that link to the citizen's economic position. These models are John Rawls' property-owning democracy and basic income. I am going to compare these two models to each other and analyze the possible connection between them. Can the implementation of basic income be a first step towards a property-owning democracy that would create a more equal distribution of property? The main third way doctrine between capitalism and socialism has been the social democratic model; I claim that both basic income and property-owning democracy would improve the present-day welfare-state models to match their goals for creating more equal society with real attainable opportunities.

First, I will give a brief introduction on the main points of John Rawls' theory justice as fairness. After that I will address the problems of traditional welfare-state models, mainly their problematic connection to capitalism. For an alternative to welfare capitalism I will introduce Rawls's model of property-owning democracy, which can create a new method to distribute social goods to citizens in a more egalitarian way than welfare-state models. I will also analyze the similarities between property-owning democracy and basic income model.

In the last section of my paper I will raise three moral problems of the basic income models. These problems are: 1) the claims of reciprocity, 2) unconditionality of basic income, and 3) the moral motivation of productive citizens. These critical points are mainly based on Stuart White's theory of justice as fair reciprocity that he introduced in his book *Civic Minimum* (2003). White's critics are highly constructive and his theory's goals are quite as same as in basic income proposals. Thus White's writings give a good starting point to evaluate the moral feasibility of basic income proposals.

I claim that there is lot of similarities between Rawls' property-owning democracy and basic income proposals. Although there are problematic features in basic income models that do not fit perfectly in to ideas of fair reciprocity and reasonable

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<sup>1</sup> Rising inequality among citizens, market processes that diminish democratic decision making, and the turbulences coming from the finance market.

contribution, implementation of basic income would still be concrete way to try building institutions of property-owning democracy to real world situations.

## **2. John Rawls' theory of justice as fairness**

John Rawls' conception of justice that Rawls himself called justice as fairness is the most influential theory of distributive justice in modern analytical political philosophy. The idea of Rawls' theory was to make a theory of justice for constitutional democratic society that would be politically reasonable for everyone to accept. Rawls' main works are *A Theory of Justice* (1971) and *Political Liberalism* (1993).

Thus, the aim of justice as fairness is practical: it presents itself as conception of justice that may be shared by citizens as a basis of a reasoned, informed, and willing political agreement. Rawls emphasizes that his political liberalism looks for a political conception of justice that he hopes to gain the support of an overlapping consensus of reasonable religious, philosophical, and moral doctrines in a society regulated by it. The idea of a political conception of justice is to work out a moral conception for political, social and economic institutions<sup>2</sup>. Particularly this conception applies to the basic structure of society, by which Rawls refers to institutions of the modern constitutional democracy. (Rawls 2006, 9-11.) Thus Rawls' theory of justice as fairness, in its ideal form, mainly concerns western-type of democratic societies that support basic human- and citizen rights in equalitarian manner. Rawls himself calls societies that can match these criteria's as well-ordered societies.

The idea of well-ordered society conveys three features: 1) it is a society in which everyone accepts, and knows that everyone else accepts, the very same principles of justice, 2) its basic structure – that is, its main political and social institutions and how they fit together as one system of cooperation – is publicly known, or with good

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<sup>2</sup> Rawls' conception of political liberalism tries to answer to the first fundamental question about political justice in a democratic society: what is the most appropriate conception of justice for specifying the fair terms of social cooperation between citizens regarded as free and equal, and as a fully cooperating members of society over a complete life, from one generation to next? Rawls combines this question with second that goes: what are the grounds of toleration so understood and given the fact of reasonable pluralism as the inevitable outcome of free institutions? If we combine these questions we will have central problem that Rawls' theory tries to solve: how is it possible for there to exist over time a just and stable society of free and equal citizens, who remain profoundly divided by reasonable religious, philosophical and moral doctrines? (Rawls 2006, 3-4.)

reason believed, to satisfy these principles; 3) its citizens have a normally effective sense of justice and so they generally comply with society's basic institutions. Rawls admits that the conception of well-ordered society is a highly idealized, but he emphasizes that any conception that cannot create a well order to constitutional democracy is inadequate as a democratic conception. (Rawls 2006, 35.)

In his work *Law of the Peoples* (1999) Rawls links the idea of the well-ordered society to concept of realistic utopia. The term realistic utopia means a political philosophy that extends the limits of practicable political possibility that we ordinarily think to exist in society. Therefore it can reconcile our political and social condition by creating a reasonable pluralism<sup>3</sup>. (Rawls 1999b, 11.) This reasonable pluralism is indispensable part of the conception of well-ordered society. Without a reasonable pluralism it would not be possible to maintain a society that can include diversity of comprehensive religious, philosophical and moral doctrines.

Rawls says that citizens are reasonable when they are prepared to offer one another fair terms of social cooperation<sup>4</sup> and they agree to act on those terms, even at cost of their own interests in particular situations, provided that others also accept those terms. Rawls states that for these terms to be fair, citizens who are offering them must reasonably think that those citizens to whom such terms are offered might also reasonably accept them. (Rawls 2006, xlii.) There is a clear demand of reciprocity in

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<sup>3</sup> According to Rawls, a democratic society is marked by the fact of reasonable pluralism. There is a diversity of reasonable comprehensive religious, philosophical, and moral doctrines in modern democratic societies. Rawls defined this as a permanent feature of the public culture of democracy. This phenomenon is caused by political and social conditions that secures and promotes the basic rights and liberties of free institutions. (Rawls 2006, 36.)

<sup>4</sup> As we mentioned earlier, to Rawls the idea that society is a fair system of cooperation between free and equal citizens from one generation to next. (Rawls 2003, 136.) But what does Rawls mean with fair system of cooperation? Rawls provides three elements to make idea of social cooperation more specific: 1) Cooperation is distinct from merely socially coordinated activity. It is guided by publicly recognized rules and procedures that those cooperating accept and regard as properly regulating their conduct. 2) Cooperation involves the idea of fair terms of cooperation: these are terms that each participant may reasonably accept, provided that everyone else likewise accepts them. These fair terms of cooperation specify an idea of reciprocity: all who are engaged in cooperation and who do their part as the rules and procedure require, are to benefit in an appropriate way as assessed by a suitable benchmark of comparison. 3) The idea of social cooperation requires an idea of each participant's rational advantage, or good. (Rawls 2006, 16.)

Rawls' theory; all the basic claims must be said on terms that can be equally approved by all citizens.

As we can clearly see, justice as fairness is a political conception that applies to the basic structure of society; its objects are the main institutions of constitutional democracy. The idea of well-ordered society links in to the fact of reasonable pluralism, which enables the different conceptions of good life and comprehensive doctrines to live in same political community in overlapping consensus<sup>5</sup>.

Rawls defines the society as a cooperative venture for mutual advantage. The moral motivation behind this claim is the fact that social cooperation makes possible a better life for all, comparing to if everyone would have to live solely by their own efforts. But because of conflicting interests we require a set of principles for choosing among the various social arrangements. Rawls calls these principles the principles of social justice: these principles assign rights and duties of the basic institutions of society. They also define the appropriate distribution of benefits and burdens of social cooperation. (Rawls 1999a, 4) These principles of social justice are the key factor in Rawls' system of fair distribution of the social goods.

So Rawls' theory of justice is based on two principles of justice that are essential for creating a pluralistic and politically plausible conception of justice. These principles are based on idea of social contract: what kind of principles free and equal persons would choose behind the veil of ignorance in a situation where everybody is in an equal position to one another and without knowing their place and status in society. This hypothetical situation is described by Rawls as an original position. (Rawls 1999a, 10-19.) The two principles of justice, what people would according to Rawls choose in that situation, are:

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<sup>5</sup> To Rawls justifying a conception of justice is not primarily an epistemological problem (Rawls 1980, 519). Rawls do not think that his conception of justice should depend on philosophical claims of universal truth or essential nature and identity of persons. These kind of claims he tried to avoid with saying that justice as fairness is a political, not metaphysical, conception of justice for a constitutional democracy. Thus, the aim of justice as fairness as a political conception is practical, and not metaphysical or epistemological. (Rawls 1985, 223-230.)

a.) Each person has the same inalienable claim to a fully adequate scheme of equal basic liberties, which scheme is compatible with the same scheme of liberties for all; and

b.) Social and economic inequalities are to satisfy two conditions: first, they are to be attached to offices and positions open to all under conditions of fair equality of opportunity; and second they are to be to the greatest benefit of the least-advantaged members of society (the difference principle). (Rawls 2003, 42-43.)

As I mentioned earlier in the paper, Rawls' principles primarily apply to the basic structure of society and govern the assignment of rights and duties and regulate the distribution of social and economic advantages (Rawls 1999a, 53.) Basic structure consists of major social institutions and it is the primary subject of justice because its effects are so profound and present from the start<sup>6</sup> (Rawls 1999a, 6-7). Rawls says that these principles are to be arranged in a serial order with the first principle prior to second. This ordering means that infringements of the basic equal liberties protected by the first principle cannot be justified, or compensated for, by greater social and economic advantages. Combined effect of the both principles of justice accomplishes the just distribution of the primary goods.

Primary goods are the things that every rational person is presumed to want. The social primary goods consist of basic rights and liberties, opportunities, income and wealth. Other primary goods such as health and vigor, intelligence and imagination, are natural goods; although their possession is influenced by the basic structure, they are not so directly under its control. (Rawls 1999a, 54.) The social primary goods are the primary subject of distribution in Rawls's theory of justice as fairness. In Rawls' theory primary goods are the essential features that should be distributed equally to all the citizens.

Rawls' theory promotes cooperation between reasonable citizens; it is a theory of basic structure and institutions, it seeks to create democratic conception for just

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<sup>6</sup> The basic structure Rawls also try to describe how societies main political, constitutional, social and economic institutions fit together to form a unified scheme of social cooperation over time (Rawls 2006, 11). The structure that Rawls describes lies entirely within the domain of political. (Rawls 2006, xli.) Basic structure should be understood as the institutional structure of well-ordered society.

society. The theory is not about individual goods and benefits, not even the maximizing individual freedom; all the personal benefits links to collective reciprocity to other citizens in society in an equal manner. Rawls' theory tries to combine the claims of freedom and equality; therefore he emphasizes reasonability as a virtue for cooperation.

Rawls' theory can be understood as a liberal-egalitarian theory of justice. All liberal-egalitarian theories have a *solidaristic* conception of justice. The difference is the opinion about what is the metric (or currency<sup>7</sup>) of equality; what specifies the way in which theories interprets the equal concern for everyone's interests? (Van Parijs 2000, 126.) It is good to remember Amartya Sen' famous maxim about egalitarian theories, which reminds us that when somebody says that he is an egalitarian, you must ask what is the thing that he wants to share equally; The question is always; equality of what? (Sen 1992, 12.) In Rawls' case this feature is the primary goods and basic rights.

Rawls' theory is an endowment neutral theory of justice. It does not emphasize people's talents or abilities. On the contrary, Rawls claims that people's natural talents and abilities depend on social circumstances and good fortune. This means that the most obvious injustice of the system of natural liberty is that it permits distributive shares to be improperly influences by these factors so arbitrary from a moral point of view<sup>8</sup>. Rawls calls this kind of distributive process as a natural lottery. (Rawls 1999a, 62-64.) Rawlsian democratic equality emphasizes that the fair distribution of wealth and income demands strong egalitarianism in people's claims for appropriate basic social goods. Fair system cannot be based on existing power structures which gives some people extremely strong owning claims to productive assets and capital.

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<sup>7</sup> G.A Cohen uses the term "currency" when he talks about the metric that different egalitarian theories are using to define the good that should be distributed equally for the sake of justice. This terminology has also become very common in political philosophy. It also worth of notice that Cohen describes that this kind of egalitarian methodology creates *equalisandum claims*. An equalisandum claim specifies that which ought to be equalized, what, that is, people should be rendered equal in. (Cohen 1989, 906-908.)

<sup>8</sup> Rawls denies that the difference principle would penalize the more able for being fortunately endowed. Rather, according to Rawls, difference principle states that to benefit still further from that good fortune we must train and educate our endowments and put them to work in socially useful ways that contribute to advantages of those who have less. (Rawls 2003, 158.)

The feature that is mostly forgotten about Rawls' theory is the fact that the principles in Rawls' theory require a very strong economic support for their realization if we want them turn in to real opportunities and not only let them be purely formal rights. Therefore we need redistribution of the wealth to make Rawls' principles to come through in reality. Rawls himself understood this fact; he states that the property-owning democracy would be a model which would realize of the goal of his principles.

But before we go further on with the specific content of property-owning democracy, we should take a look on welfare-state models that are seen problematic by the supporters of more egalitarian models of distributive justice. What are the main problems of welfare-state models that stop them to create more equal society for everyone? Can we overcome these problems with the changes that property-owning democracy brings to distributive justice?

### ***3. The traditional models of welfare states compared to system of Property-owning democracy***

First of all it is necessary to define what is meant by welfare-state? Gosta Esping-Andersen says that common textbook explanation describes welfare state as a system which involves state responsibility for securing some basic modicum for its citizens. Esping-Andersen does not think that this kind of definition is sufficient enough to describe the sphere of operations of welfare state. Its leaves too many of the crucial questions of the content of welfare state unanswered. According to Esping-Andersen, in many cases, the social scientists have been too quick to accept the nations' self-proclaimed welfare-state status. (Esping-Andersen 1990, 18-20.)

Welfare state constitutes through the social rights and social citizenship. We also have to take account how state activities are interlocked with the market's and the family's role in social provision. (Ibid 1990, 21.) If we look upon international variations in social rights and welfare state stratifications, we will find different arrangements. Esping-Andersen makes three clusters for different welfare-state regimes which creates what he calls 'the three world of welfare capitalism'. He labels them as conservative, liberal and social democratic. It is important to understand that there is no single pure case of any of these doctrines: every actual welfare-state has elements from each of these doctrines. (Ibid 1990, 26-29.)



There has been in recent decades growing amount of literature that has raised discussion over the problems of welfare-state models. The common critic of welfare-state goes in line with classical libertarianism and its accusing welfare-state models for to excessive byreacracy, restricting people's freedom, and economical ineffectiveness. These critics of welfare-state are promoting, as alternative for it, more freedom for the market which can create better improvements to society. In their eyes welfare-state models are seen as ineffective in economic questions; welfare-state does not give enough incentives for talented individuals to bring forth their best efforts. Welfare-states are also said to be highly byrocrative and paternalistic, which diminishes citizens' freedom to live their life based on their own conception of good life.

It is true that welfare-state tends to create unnecessary byrocracy and they also have aspects that can be considered highly paternalistic; for example some means-tested social benefits that require very strict monitoring of its recipient actions. But the economic problems of welfare-state models usually relate to the problematic connection that welfare capitalism has with the market economy. Welfare-states are bind to the markets' ability to create high profits, therefore when western societies' rate of growth has declined from the golden decades of the economy<sup>9</sup>, it has meant that there has been lesser and lesser surplus to invest in social policy. This problem is created by the problematic connection of welfare capitalism to market economy: funds for progressive social policy should come from profits not from basic production of the society. Actually all industrialized nations are very affluent to fund basic social policy that welfare society needs, the main problem is the unwillingness of some crucial actors to share their wealth with other citizens. Therefore political will is the key factor for the future of the welfare state.

The three different basic models of welfare-capitalism are quite different from each other, but each one of them also has aspects from the other models. But what can one notice on each of these three models is that the common feature with all is their strong commitment to capitalism. Of course there are differences on how strong the connection is. The weakest connection is in the social democratic models, which have

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<sup>9</sup> Decades from 1950 to early years of 1970, before the oil crise, there was steady rise in western economies without big recessions. These were also the building decades of the modern welfare-states.

strongest universalism and largest decommodification. In the social democratic model, the welfare state takes a large role and tries to promote equality of high standards. The liberal model is most connected to capitalism; it has modest universal transfers and states usually subsidize private welfare schemes. (Esping-Andersen 1990, 26-28.) Although there is a difference between the strongness of the connection to market economy, with these three conceptions, all of them are affected by the growing power of the market and dominating financial capitalism. Even the countries that are considered to be social democratic welfare-states (mainly the Nordic countries) are chaining their politics to be more market dominating<sup>10</sup>.

If we want to improve our society's ability to solve its social problems, we have to find a new solution to rearrange society's basic structure with market economy. We have to disconnect society's basic structure from the finance capitalism; there should be a priority of the basic goods for everyone before the high profits to some individuals. Thus, society's basic structure should have a stronger emphasis on original distribution of the social goods and property, and lesser interest on redistributive methods that are trying only to fix the problematic distribution of the market economy.

Richard Krouse and Michael McPherson state that the capitalist economies impose significant structural constraints upon the range of policy options open to the liberal-democratic state. This structural constraint comes from welfare capitalism's viability upon a healthy process of capital accumulation and hence upon the private investment decisions of those who own and control productive property. According to Krouse and McPherson this dependency raises grave doubts about the ability of a capitalist-welfare state to keep inequalities in private wealth and power in check. (Krouse & McPherson 1986, 134.)

Rawls' Theory of justice as fairness tries to find a solution to the lack of confidence that is a part of the capitalist economy. By using the idea of social contract, Rawls

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<sup>10</sup> Stuart White claims that actual situations are going against the social democratic project; therefore they will have to explain why history ought to go their preferred direction. For this reason White states that social democrats are in need to make a case for their system of generous social rights in ethical terms. (White 2003, 6.) Thus there have been lots of references to Rawls' theory in social democratic discourse in recent years.

creates a conception of society which forms a social union between its citizens. In this Rawlsian ideal, the division of labor changes in a crucial way; the worst aspects of division can be surmounted: no one needs to be servilely dependent on others and made to choose between monotonous occupations which are deadening to human thought and sensibility. (Rawls 1999a, 464.)

But all this requires economical support at the level that is higher than poverty line; people's basic needs must be met, without of it citizens cannot fruitfully exercise their rights and liberties which the first principle gives to them (Rawls 1996, 7). Rawls says that the execution of the two principles of justice will make these ideas true. But Rawls does not consider that the welfare society would be the most effective way to organize the society, if we wanted it to be a truly just for everyone.

Rawls' own insight of how to make a society more equal for everyone goes way further than the ideas of welfare state: welfare state tries to correct the flaws of capitalist distribution with the redistributive methods of taxation. Rawls' justice as fairness tries to change the original distribution of the primary goods. Thus, Rawls supports the idea of property-owning democracy, which will create more fundamental changes on the rights and freedoms of the people than welfare society does.

It is forth of realize that the welfare-state model, which Rawls is criticizing, is the liberal one. The property-owning democracy has lots of common with social democratic model of welfare capitalism; especially with the questions of education as a way that equalizes people's basic opportunities to improve their situations in societies. But even the social democratic model of the welfare state leaves many of its operative functions depended on redistribution, and leaves accumulation of property untacted in original distribution. Thus, property-owning democracy opens a possibility to invent new ways to distribute social goods in modern society, because it does not have a strong connection to the profit making of the markets.

#### ***4. Rawls' property-owning democracy***

As I said, Rawls' own institutional model for just society is property-owning democracy, which according to Rawls realizes all the main political values expressed by the two principles of justice, which the capitalist welfare state cannot do. Thus, property-owning democracy would be an alternative to capitalism. (Rawls 2003, 135-

136.) Rawls have borrowed the idea of a property-owning democracy from British economist and Nobel laureate James Meade<sup>11</sup>.

Property-owning democracy avoids accumulation of economic and political power in society by ensuring the widespread ownership of productive assets and human capital at the beginning of each period<sup>12</sup>. This has to be done in accordance with fair equality of opportunity. The idea of property-owning democracy is to put all citizens in a position to manage their own affairs on a footing of a suitable degree of social and economic equality. (Rawls 2003, 139.)

Thus, property-owning democracy sets up a constitutional framework for democratic politics, guarantees the basic liberties with the fair value of the political liberties and fair equality of opportunity, and regulates economic and social inequalities by a principle of mutuality. The aim of property-owning democracy is to realize in the basic institutions the idea of society as a fair system of cooperation between citizens regarded as free and equal. What does this require in the basic structures of society? Rawls emphasizes the importance of putting the basic institutions in the hands of citizens generally, in other words, to give them access to sufficient productive means to be fully cooperating members of society. The means are defined by Rawls to include human as well as real capital; knowledge and an understanding of institutions,

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<sup>11</sup> Krouse and McPherson stress in their article "A "Mixed" –Property Regime" the fact that Meade's property-owning democracy is not a different label for welfare capitalism. The usual conception of welfare capitalism accepts substantial class inequality in property-ownership and after that seeks to lessen the resulting disparities in living standards through income taxation and redistribution. Krouse and McPherson emphasize that Meade's scheme aims to sharply reduce inequalities in the underlying distribution of property, and also in opportunities to invest in physical and human capital, which will cause the market economy to generate smaller inequalities in the first place. If we want to maintain such a property distribution over time, it would require sharply limiting the right of bequest. Krouse and McPherson remind us that property-owning democracy would still leave many other aspects of property rights largely intact. (Krouse & McPherson 1986, 133.) Therefore a mixed property regime is quite fitting conception to describe property-owning democracy; it has elements from capitalism and socialism, and it goes somewhere in between them, but it also has differences with social democratic model of welfare state; mainly in its dependency to the capitalist system of accumulation/profit making.

<sup>12</sup> Martin O'Neill reminds us that Rawls' talk of discrete "periods" of economic production, can be thought to embody a naive and unsustainable picture of the economy. According to O'Neill Rawls did not fail to see that the economy is an ongoing dynamic system, whereby the end of one period is always the beginning of another. Instead Rawls' "temporal" talk should be viewed as metaphorical and potentially illuminating. O'Neill claims that Rawls simply intended show the contrast between (re-) distribution that looks to the productive resources that individuals are able to bring to the market, and redistribution that looks only to the streams of income that individuals have available for private consumption. (O'Neill 2012, 90.)

educated abilities, and trained skills. Rawls claims that only this way can the basic structure realize pure background procedural justice from one generation to the next. (Rawls 2003, 138-140.)

Besides of that the main institutions of a property-owning democracy, there are important arrangement that includes Rawls' conception of just basic structure for society: a) provisions for securing the fair value of the political liberties, b) provisions for realizing fair equality of opportunity in education and training of various kinds, c) a basic level of health-care provided to all. (Rawls 2003, 176.)

Rawls says that the welfare-state capitalism rejects the fair value of the political liberties that his conception of justice as fairness is demanding. Although welfare-state models might have some concern for equality of opportunity, the actual reality of welfare state models denies the most of the claims of equal opportunities. Rawls complains that welfare society permits very large inequalities in the ownership of real property so that the control of the economy and political life rests in few hands. According to Rawls welfare state capitalism does not recognize the principle of reciprocity to regulate economic and social inequalities. (Rawls 2003, 137-138.)

Although both property-owning democracy and welfare state capitalism allow private property in productive assets, they are not the same in many crucial ways. The major difference that Rawls wants to emphasize is the work of the background institutions: in property-owning democracy those institutions try disperse the ownership of wealth and capital, and thus to prevent a small part of society from controlling the economy and political life. Rawls claims that welfare-state capitalism permits a small class to have a near monopoly of the means of production. (Rawls 2003, 139.)

Rawls' conception emphasizes the importance of the original distribution of wealth and social goods. Welfare-state tends to leave their process on redistributive level, which means that state will act after the markets have made their own distribution. The basic rights and opportunities can be diminished in a society that does not take care of proportional equality. Thus, if we really want to make our societies more just in economical level, we have to able to control the markets with democratic processes.

Rawls admits that many features of property-owning democracy still are highly controversial; for example what kinds of property ownership and taxation would be implemented in actual situations in property-owning democracy. Rawls says that we cannot deal adequately these questions and therefore his remarks are illustrative and highly tentative. (Rawls 2003, 136.) Thus, the model of property-owning democracy in Rawls' theory lacks concrete proposals that would change the distribution of the social goods in a political level. Although there is a good reason to equalize the owning of the property among the citizens, that notion by itself does not give us the tools to make the idea true in real political cases. We need concrete political proposals to give back-up for the demands of property-owning democracy. These proposals can also give us pathways to get nearer the ideals of Rawls' theory.

### ***5. Basic income as a concrete reform to change the distribution of social goods in society.***

Can the implementation of basic income be a first step towards more just distribution of property in societies? There actually are many similar aspects in property-owning democracy and basic income proposals; both are trying to increase the citizen's economic autonomy by securing them from market vulnerability. It is true that basic income proposals are modest in their changes compared to the system of property-owning democracy, but can basic income work as a stepping stone to a more egalitarian distribution of social goods in society?<sup>13</sup>

#### *Basic income: a brief definition*

Universal basic income gives to every citizen a payment in income. The payment should provide a standard of living that is above the poverty line. The income is unconditional to every receiver; it is not means-tested, so it does not depend on economic situation of the person or work requirement. According to Erik Olin Wright, unconditional and universal basic income takes the same stance about basic

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<sup>13</sup> Simon Birnbaum believes this to be true; although, it is difficult to link the claims of basic income to the difference principle, which is the main principle of economical distribution in Rawls' theory, it is possible to connect basic income proposition on average life prospects of the worst off, that Rawls' theory, and even the some aspects of the difference principle, emphasizes (Birnbaum 2010, 495-500.) Rawls has made an alignment that the appropriate expectation in applying the difference principle is that of the long-term prospects of the least favored extending over future generations. Therefore the level of the social minimum is extremely important; by adjusting the amounts of transfers in society, it is possible to increase or decrease the prospects of the more disadvantaged, their index of primary goods, and to achieve the desired result. (Rawls 1999, 251-252.)

needs that universal health care does: it is a matter of basic rights; no one should live in poverty in an affluent society. (Wright 2006, xi.)

The most famous philosophical supporter of the basic income Philippe Van Parijs states that basic income is monetary benefit paid in cash on a regular basis; it is not a one-off endowment. Although it is paid by political community, it does necessarily mean that it is given by the nation-state. Basic income can be funded with redistributive taxation in an ear-marked way, but it can also be funded with other kinds of distributive ways, for example, taking the revenues from publicly owned productive assets. Basic income is given to all the members of the society. There are only a few special groups in society, such as children, pensioners, inmates and sometimes emigrants, whose right to have a same kind of basic income than other members of society is in dispute. (Van Parijs 2006, 4-8.)

Van Parijs reminds us that basic income is paid to each individual in a uniform way and it is given without means test. So there is no work requirement and this is probably the most controversial suggestion in basic income models. (Van Parijs 1991, 102.) It is said that basic income will create new kinds of labor markets that were not possible in an old means-tested system. Van Parijs says that basic income removes unemployment traps because it is compatible with part-time work or with short work assignments. It also helps to get rid of stigmatizing elements of social security. Van Parijs states that we need basic income if we want to give people more bargaining power in the labor markets. Thus, basic income would create new jobs and also cut down the unnecessary bureaucracy in society. (Van Parijs 2006, 8-14.)

#### *Basic income and Rawls' theory*

Rawls is demanding with his theory a certain fair equality of opportunity, especially in education and training. Without these opportunities, all parts of society cannot take part in the debates of public reason or contribute to social and economic policies. Rawls also warns that lacking a sense of long-term security and the opportunity for meaningful work and occupation is not only destructive for the citizens' self-respect but for their sense that they are members of the society and not simply caught in it. This lack of security and opportunities could lead to self-hatred, bitterness, and resentment. (Rawls 2006, lvii.) The implementation of basic income to the society would advance the fair equality of opportunity that Rawls is demanding with his

principles of justice. The emphasis that Rawls gives to genuine and fair opportunities is similar with the aspects in Philippe Van Parijs theory of real-libertarianism.

Van Parijs is also supporting real attainable opportunities with his theory of real-libertarianism. In his magnum opus *Real Freedom for All* Van Parijs is considering the best institutional expression for ideals of the slogan "real-freedom-for-all". Van Parijs reminds us that one is really free when, to extent that one possesses the means and not just the right, to do whatever one might want to do. The real freedom depends on freedom to choose among various lives one might wish to lead, not on ability to consume or a having a lot of income. But the question of income is also an important one; it is crucial that some income is given unconditionally to each citizen, no strings attached. This way we can secure that people can really freely decide how they use their time. Based on these ideas, Van Parijs makes his radical suggestion: If we are serious about pursuing the real-freedom-for-all, what we have to go for is the highest unconditional income for all consistent with security and self-ownership. (Van Parijs 1995, 32-33.) According to Van Parijs basic income would be most effective way to increase people's real freedom in society.

Basic income has an emancipatory power in it; it would increase people's opportunities to choose their own way of living, give more autonomy for everyone to live by their own conception of good life, and support people's self-respect and fight against social stigmatization. All of these aspects are also included to the ideals of property-owning democracy<sup>14</sup>.

In property-owning democracy, according to Rawls, the least advantaged are not the unfortunate and unlucky – objects of our charity and compassion, but those whom reciprocity is owed as a matter of political justice among those who are free and equal citizens along with everyone else. Rawls acknowledges the fact they will control fewer resources but they are doing their full share on terms recognized by all as mutually advantageous and consistent with everyone's self-respect. Rawls is hopeful

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<sup>14</sup> Rawls says that there is lots of problems in inequality in itself; he reminds us that significant political and economical inequalities are often associated with inequalities of social status that encourage those of lower status to be viewed both by themselves and by others as inferior. Rawls states that these effects of social and economic inequalities can be serious evils and the attitudes they engender can create great vices. (Rawls 2003, 131.) Therefore property-owning democracy must be sensitive also with questions of social status and stigmatization, if it truly wants to make through the goals of Rawls' two principles of justice.



that under the conditions of property-owning democracy an underclass will not exist, or if there is a small such class, it would be result of social conditions that we do not know how to change. (Rawls 2003, 139-140.)

Krouse and McPherson also agree that property-owning democracy would reduce class inequalities in economic and political power by eliminating the existence of distinct capitalist and laboring classes. According to Krouse and McPherson this would mean that the structural obstacle to effective political regulation of the economy posed by class inequality would thus be greatly attenuated. (Krouse & McPherson 1986, 134.)

Many of the points and improvements that property-owning democracy would create seem to fit nicely in to basic income proposals. But there are problems in basic income models that in an overall level, and also in connection to the models of property-owning democracy, can create problems among the individuals in society. The three problematic features of basic income models are: 1) reciprocity between citizens in society that links to 2) unconditionality of the basic income models, which creates problems for 3) moral motivation of the productive members of the society. We should be able to answer these problems of justice if we want to claim that the basic income should be the first step towards more just society.

#### *Reciprocity between the citizens*

As I mentioned earlier, the reasonable cooperation between citizens demands high level of reciprocity. Without it, it is hard to build trust between citizens. Rawls' criterion for reciprocity goes as follows:

Our exercise of political power is proper only when we sincerely believe that the reasons we offer for our political action may reasonably be accepted by other citizens as a justification of those action. (Rawls 2006, xliv.)

Stuart White emphasizes that Rawls is supporting a 'contribution ethic' which means roughly that Rawls is giving a strong weight to claims of reciprocity in his theory (White 2003, 57). Rawlsian primary goods include a certain amount of leisure-time. In cases where some individual uses more than this to leisure, he does not have a right to claim the same amount of the other primary goods than a person who chose to do his contribution. Therefore it can be argued that Rawls is supporting some sort of

work requirement for a sustainable level of basic minimum. In other words, 'surfers' should find a way to support themselves if they are not willing to do their share of contribution to society. (Rawls 2003, 179.)

White's own conception of substantive economic reciprocity goes as follows:

Where the institutions governing economic life are otherwise sufficiently just, e.g. in terms of the availability of opportunities for productive participation and the rewards attached to these opportunities, those who claim the generous share of the social product available to them under these institutions have an obligation to make a decent productive contribution, suitably proportioned and fitting to ability and circumstances, to the community in return. (White 2003, 58-59.)

White finds his conception of reciprocity closely akin to Rawls' similar conception of economic justice. White also supports a norm of *reasonable mutual advantage* that should be a basic norm of mutual respectful, mutually dignified, social cooperation. The norm states that any member of the community who is a willingly beneficiary of cooperative industry must make a reasonable effort, given his or hers endowment of productive capacities, to ensure that other members of the community also benefit from and are not burdened by his or her membership of this scheme. White claims that as a matter of their dignity, other citizens have the right to expect you to make this effort. If one fails do so, other people can see that you are treating them in an offensively instrumental way; in other words exploiting them. (White 2003, 59-62.)

Can we approve the lack of reciprocity in the system of social justice and still think that it is a reasonable for everyone? Why some people have a right to not contribute in shared effort and still get the same rewards? As we mentioned the most radical suggestion in basic income proposals is the idea of unconditionality; there is no work-requirement or other contribution that you must do to have your share of basic income. This problem of unconditionality links in to claims of reciprocity. If we can morally say that basic income should be unconditional then we cannot claim contribution from its recipient.

*Unconditionality*

White deals with the objection that the decent income should be considered as universal right, and because the rights necessarily have a quality of unconditionality, the work test violates the necessary quality of unconditionality. In White's opinion this observation in itself does not discredit the work-test. There is no intrinsic incompatibility between work-testing or related measures of welfare contractualism and the idea of a decent income being the focus of a social right. White makes a distinction between:

- (i) a right to be given some resource,  $x$ , unconditionally; and, (ii) an unconditional right of reasonable access to a given resource,  $x$ , where reasonable access means that the resource in question can be acquired and enjoyed by the individual concerned without unreasonable effort.

A person can obviously have reasonable access to something, in this sense without necessarily being directly given this thing. White states that the notion of a social right can be understood in the second of the above senses as well as in the first: as an unconditional right of reasonable access to a given resource, rather than as a right to be given this same resource unconditionally. (White 2003, 137-138.) The concept of unconditionality seems to be open for different interpretations, but the main problem behind it still stays the same; the problem is that unconditionality treats people in a different way depending on their contributive efforts.

We need resources for basic income and some people product more than others. Although we can say that not all people are able to product same amount of goods for society by their talents and social position, that does not take away the problem that somebody does not have to make any effort but still can have the same benefits. This creates the last problem of basic income models; the moral motivation of the productive people.

#### *Moral motivation of the productive members*

The third problem in basic income models is that they seem to have a bias against people who have a strong work ethos. Simon Birnbaum says that by offering everybody the opportunity of not working, a basic income at subsistence level or higher might erode the economic foundations on which its sustainable realization depends (Birnbaum 2011, 397). In worst case, basic income will offer greater freedom

from toil for one category (people who do not want to work) only because another category (people with strong work ethos) "voluntary" chooses to carry a burden to which both have the same aversion (Ibid 2011, 405). Thus, this combined with unconditionally creates problems for the implementation of basic income and its neutrality towards different ways of living<sup>15</sup>. We need the prosperity for the tax base that finances basic income for everyone, but we cannot force the majority of the people work more than others based on the claims of freedom, reasonability or effectiveness. So where does motivation come for the strong egalitarian ethos that basic income needs?

It is a common critique to accuse that basic income makes possible that people can live by the labor of other citizens. Van Parijs has recognized these problems and remind us that although some arrangement can be seen as perfectly feasible or they would even increase the economic efficiency, people would still disapprove these arrangements if they considered them to be unjust. Van Parijs states that people may be willing to forgo efficiency gains in order to preserve what they perceive as a just distribution. (Van Parijs 1991, 103.)

Therefore we have to be able to persuade also the people who do not clearly, at the first glance, seem to benefit from basic income that it is the best solution, if we want to have any legitimacy to our claims. The political feasibility of basic income needs strong moral arguments that emphasize solidarity and equality. It is possible to defend the redistribution that basic income creates by saying that the people who have over appropriate external resources should pay compensation to other people, or we can claim that people's natural abilities are based on chance, to natural lottery; thus the people who have better endowments do not have a strong claim to their market returns and salaries. But these counter-arguments are not enough by them self. If we want to make basic income a way to create a just society for everyone, then the moral motivation of the people is a crucial feature to acknowledge.

White admits that unconditional basic income could provide more egalitarian access to social product, but on terms that also allow citizens to violate their contributive obligations. White says that a proponent of basic income might argue that it can be

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<sup>15</sup> Van Parijs has argued that defensible liberal theory of justice should be committed to an equal concern and nondiscrimination for all conceptions of the good life (Van Parijs 1991, 102).

expected to have many positive effects on distributive goals of just society and also on opportunities for self-realization in work, thus, these effects outweigh the undesirable free-riding that a basic income makes possible, and that basic income is therefore justified in spite of this free-riding. White agrees that this argument has much force in it. However, he wants to remind us on the aspect that this argument can not only be advanced in support of unconditional basic income in its standard pure form. It can also be advanced in support of number of variants on the basic income proposals<sup>16</sup>, variants that modify the original proposal in a way that explicitly addresses the reciprocity-based concern about economic free-riding. (White 2003, 153-155.)

## **6. Concluding remarks**

If the basic livelihood is a right in modern society, why should we allow that the system stigmatizes and humiliates people in the name of reciprocity? Even letting the free riders go free is in some ways more morally acceptable solution than a system that is declining the status of receiver of conditional, means-tested, benefits. The problem of free rides is a crucial one, and also the question of motivation, the social ethos and the funding, but we can consider that the priority should lie on the least advantaged members of society. Only if the whole system is endangered by the massive free-riding, then it would clear argument against the implementation of basic income. But if we can prove that free-riding would stay on the level that would not risk the citizens moral background, then it would be the 'necessary evil' of the system of basic income. Political philosophy cannot be about perfection, it should be about a best possible solution.

Rawls himself consider his theory to be a theory for basic structure of society, it is a political conception. Thus, it cannot answer all the problems in society. This limitation for theories of justice is what Rawls calls the problem of extension. For example the difference principle does not make any special arrangements for the people who have special medical needs, even when these needs are caused by natural circumstances that person did not chose. (Scheffler 2003, 10). Rawls says that in some cases we might simple lack the ingenuity to see how the extension may proceed.

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<sup>16</sup> White names three variants of basic income: republican basic income, targeted basic income, time-limited basic income. According to White, all these variants can solve some of the problems of unconditional basic income models. (White 2003, 170-175.)

Rawls reminds us that we should not expect justice as fairness, or any account of justice, to cover all cases of right and wrong. (Rawls 2006, 21.) Rawls gives everyone a right to define his or hers conception of good life with his doctrine of reasonable pluralism. This is hard to do without basic resources. In this standpoint basic income could be the crucial step to get closer to Rawlsian ideals.

The Rawlsian basic structure system is not a perfect one, it can be improved. We can see that the implementation of the basic income could bring improvements to society that would be good for the whole society, but not perfect for some individuals or a group. Rawls emphasizes that the idea of reciprocity links to the idea of impartiality, which is altruistic being moved by the general good (Rawls 2006, 16). Basic income would be a solution for the whole institutional structure; there will always be problems in every system. The main question is, are the problems of basic income bigger than the problems of present system of social policy? If the answer is no, then we should seriously consider to go on to implement the unconditional basic income for everyone. There is not any change that would make a perfect world, but it is possible to make a better world, with smaller problems.

Implementation of basic income could also be a first step towards property-owning democracy that would make bigger changes in the basic structures of democratic societies. Therefore I emphasize the progressive elements of basic income that can be a stepping stone for more equal distribution of property and social goods in society.

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