1. Adam Jacobs

I would like to raise two fundamental economic questions about basic income (BI) that I was surprised to see omitted from the discussion. The first is the issue of incentives and migration. If a certain country instituted a basic income while neighboring countries did not, would this draw in too many people and undermine the feasibility of basic income? The different authors take varying stances on the requirements of citizenship. But even if BI were denied to non-citizens, wouldn’t the prospect of a basic income for one’s children be sufficient to initiate immigration to this country? Even if it did, would this matter enough to impact the sustainability of BI? \[This is certainly a reasonable concern, but doesn’t this apply to any redistributive project within a country? Universal health care, good schools, good unemployment insurance, good safety-net, etc.? I am not sure why BI would be especially vulnerable to this pressure.\]

Secondly, how would the provision of basic income affect prices? I am thinking in particular about housing, usually the largest household monthly expenditure, although I think the point extends to education and even food. Would a basic income translate itself, via the market, into a corresponding increase in housing prices? Standing raises the latter point when discussing stakeholder grants, saying ‘such a concentrated influx of money targeted on one narrowly-defined age group is almost certain to raise the price of goods and services consumed by that age group.’ (154) Similarly, wouldn’t a basic income raise the price of basic goods? Since BI is redistribution, it won’t necessarily cause inflation; but by redistributing, money will go to individuals who will probably spend more, which could change the prices of some essential goods. Perhaps these concerns are too far in the future to address; but if costs were to rise because of basic income provision, the purported egalitarianism and freedom would probably be adversely affected. \[Of course there might be a one-time “shock” to prices of some goods if the infusion of resources to the poor suddenly increases and the supply of lower-end consumption goods did not increase. But I am not sure why this would generate a higher equilibrium price for those goods once economic adjustments occur. In any case, how would this differ from any program designed to reduce poverty?\]

Wright makes an interesting point that basic income ‘would contribute to a greater symmetry of power between labor and capital even in the absence of collective organization on the part of workers … Unconditional Basic Income generates some of the same pressures as tight labor markets.’ (79-80) Basic income is essentially a proxy for strong unions, but won’t strong unions be required to push the institution of basic income? \[It would be interesting to think about the stance of unions viz-a-viz unconditional basic income. Historically unions have not been enthusiastic about BI, arguing that a) it is an effective subsidy to low wages, whereas what should be done is force employers to pay living wages, and b) it allows for people to sponge off the\]
hard work of workers. Unions in some countries anyway have often been very skeptical about any programs of this sort.] Also, how does Wright’s analysis square with van Parijs’ assertion in Chapter 10 that ‘there will be less need to speak about money, owing to the security offered by the scheme, and hence, it is sometime argued, more time to thing about and experience what really matters.’ (163) Basic income would grant labor additional power against employers, but it might also reduce people’s interest in labor per se (van Parijs is speaking about money, not labor, but as long as labor is still commodified the two will be related). And many might decide that what ‘really matters’ is not the struggle between labor and capital. [This could well be the case: a capitalism with a generous BI might undermine the rationale for unions. This is, after all, what Bismark thought about the welfare state in general: it was a way of undercutting the left and the labor movement.]

After reading Bergmann’s justification of the welfare state and caution against rushing to basic income for social democratic countries, it seemed to me that BI might be, curiously, more viable in states with more austere social safety nets. Part of the disdain with government assistance (at least rhetorically) is the complication and micromanagement required (although the more substantive objection is usually about ‘dependence’), so maybe basic income has a chance thanks to its essential simplicity. If that were the case, strong unions would not be required to institute BI politically.

2. Matías D. Scaglione

1. Universal basic income, social justice and “real freedom” (van Parijs)

Philippe van Parijs, in his “Basic Income: A simple and powerful idea for the 21st century”, provides a «notion» or «formulation» of “real freedom” that is pivotal in his defense of the Universal and Unconditional Basic Income (UUBI):

The particular “real libertarian” conception I offered gives a key role to the view that the substratum of our real freedom essentially consists in very unequal combinations of gifts we have received throughout our existence, among them the opportunities that enable us to hold our jobs. As a result there are massive “employment rents” incorporated in our jobs which can and must be (partly) captured through predictable and sustainable revenue-maximizing income taxation whose proceeds are to be used to fund a universal and unconditional basic income.1

This very important passage in van Parijs argumentation is plagued by connotative and ambiguous terms that not only undermine the pretended simplicity and power of his version of the UUBI, but also evidences a conceptual weakness in its justification. Let us start with the first proposition. It seems to state that we humans receive certain “gifts” throughout our lives, whose distribution varies (in quality and/or quantity?) among individuals, so that systematically some individuals receive a different (quality and/or

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1 Ackerman, Alstott and van Parijs (2004: 13). The emphasis is mine.
quantity?) of such “gifts” (this is sufficient for an unequal distribution). Among this “unequal combinations of gifts”, van Parijs seems to identify the innate and/or developed talents, skills and/or abilities that determines the productivity of labor. Is it therefore appropriate, following van Parijs causal argumentation, to interpret that as a result of the unequal distribution of the talents, skills and/or abilities that determines the productivity of labor, there are such a thing as «massive “employments rents”»? Unfortunately I am not able to interpret or understand what an “employment rent” is for van Parijs –I only can roughly interpret the causal relation- and therefore why such a thing can and must be (partly) captured through an income tax to be used to fund a universal basic income. Having reached the ultimate concept of van Parijs discourse, it seems that a circular argumentation occurs as long as the phenomenon that serves as the central source of funding for the UUBI, i.e. the “employment rent”, depends on the unequal combination of the «opportunities that unable us to hold our jobs», precisely one of the manifestations of the “unfair” distribution of real freedom that the UUBI seeks to remedy and, ultimately, to abolish.

[The argument about “employment rents” is basically as follows:

1. A rent is a return to the ownership of an asset that one receives by virtue of the permanent scarcity of that asset – the market cannot respond to its scarcity by increasing its supply in such a way as to remove the rent. A “rent” therefore, is not a return to effort, but a return to the power conferred on a person by virtue of their control over such robustly scarce resources.

2. There is therefore a presumptive case that people do not “deserve” such rents. Liberals are often happy with the idea that rents should be taxed and the money used for various collective purposes.

3. Employment rents are rents linked to jobs. There are two basic mechanisms at work here: (i) innate talents, which make it easier for some people to acquire skills than others, and thus for the same amount of effort the acquire more skills, which give them access to jobs that require scarcer skills. Such jobs will have a rent component in the wage because of the skill-scarcity issue. (ii) efficiency-wage employment rents generated by strategies of employers to increase the cost of job loss for employees, which means that employees are paid above the market-clearing wage (i.e. there are people willing to work for lower wages who cannot get a job because of the efficiency wage problem). Now, both of these factors mean that having a job involves receiving a “gift” in the sense of a transfer of resources and opportunities (rather than a symmetrical exchange). Since these gifts are not something individuals have earned or deserve in any moral sense, and since people without jobs (or without jobs that are as good) are disadvantaged as a result – and thus have less “real freedom” – a redistribution of these gifts in the form of UUBI is justified even on liberal grounds.

Note: I will summarize the rest of my main interrogations.
2. **UUBI and unemployment rate**

Among the three reasons Erik Wright developed in the article “Basic Income, Stakeholder Grants and Class Analysis”\(^2\) to show the superiority of Universal and Unconditional Basic Income (UUBI) over the Stakeholder Grants (SG), two of them refer to the increase of the bargaining power and collective strength of the workers, respectively, as a result of the implementation of a UUBI (pp. 79-80). However, I wonder if it would be useful to assume high unemployment rate with UUBI and consider that the positive effects on labor as a result of the possibility of the “exit option” could be more than compensated by a sufficiently big excess of labor supply, mainly in low-wage, low-productivity jobs. [I am not sure why you think there would be a high unemployment rate with a UUBI. There may be people who leave the labor force altogether, but why would there be lots of people wanting to work but unable to find work?]

3. **“Being one’s own boss” argument**

In the same article quoted in the item (2), Erik Wright asserts that «the critical issue [regarding its impact on class relations] is whether the stake is sufficiently large to enable the recipient to realistically begin a small business..» (p. 77). Although Wright recognizes that many of the successful small businesses «will exist within various kinds of social relations that subordinate them to capital..» (p. 79), I think it would be worthy to study whether self-employment and the so called micro and small enterprises constitute subjects of a new form of capitalist exploitation, in which the possession of the means of production could be a misleading criterion of analysis. Other point to be raised refers to the systemic validity of a hypothetical myriad of small entrepreneurs as a result of the application of a universal and unconditional stakeholder grant. Wouldn’t the system tend to lose the advantages of social and industrial specialization, the economies of scale of production and the associated secular increase in productivity and technological change? In other words, wouldn’t the system tend to lose the extraordinary capacity of material expansion and innovation that characterizes capitalism and represents the big hopes for “something like Socialism”? [It is not so obvious that continued productivity advances into the future rest so much on large-scale enterprise. Improvements in telecommunications and information technologies make it possible for a range of economic activities to be done in decentralized and smaller scales without losses of productivity. To be sure, this is not the production of airplanes and automobiles, but lots of advanced services and many components of larger production processes can be done by much smaller units of production. There may still be economies of scale in the sense of the scale of networks of collaborating productive units, but this does not inherently mean economies of scale of the size of organizations of production.]

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\(^2\) Ackerman, Alstott and van Parijs (2004: 75-82).
3. Elizabeth Holzer

I’d like to consider the feasibility of the basic income strategy for mitigating poverty within the context of globalization.

In the Basic Income proposal, Parijs deliberately leaves the payers—“political communities” and payees “members” undeterminate (2003, 5-7). In doing so, Parijs implicitly suggests that because the details of membership should be sorted out on a case-to-case basic, the problem of membership selection is not a fatal flaw—I am unconvinced and would like to be assured that problems of membership selection do not ultimately undermine the project.

I assume that even if the nation-state is not chosen to be the payor, basic income will occur within the context of globalization (I am supported in this by Purdy (p.38), though he doesn’t offer much on the issue). Consider some of the facets of globalization:

- Porous boundaries between societies.
- Persistent inequality between nation-states
- A labor force that is mobile
- A select labor force that, given the persistent inequality between nation-states, is not only mobile, but desperate, plentiful, vulnerable, and possessing of “othernessness”—to isolate this labor force from the fortunate members of the basic income society, let’s call them the “alien labor force”

Given the mobility of the alien labor force and the porous boundaries between societies, the alien labor force will always interact in some manner with the members of the basic income society. There will be a demand for their labor in the basic income society—Parijs argues convincingly that basic income will lead to the improvement of some unpleasant jobs, but nevertheless, a significant proportion of unpleasant jobs will remain in part because some necessary tasks are inherently unpleasant but mostly because there will be an alternate labor force and the market mechanism that created the current underclass is left unchanged. The alien labor force will not have the power to negotiate for the improvement of lousy jobs—in other words, they will be at the mercy of the market just as the present underclass is.

There are several ways that the interaction between members and alien workers can go. If one chooses an inclusive policy of immigration (immigration being a convenient way to describe acceptance into the basic income society), there is the danger that the resources will be exhausted—if not financial resources, than other resources like arable land. It one chooses an exclusive immigration policy, one runs the risk of creating (as we do today), an un-integrated underclass of foreign workers—the dangers of this for the underclass need no explication. But even if the injustices against the alien labor force are outside of the bounds of the proposal (and I don’t think they are), this still leaves the communal drawbacks for the members of the basic income society of living amidst poverty—threats of civil unrest, crime, guilt, etc. I’m sure that there are middle-grounds of sorts, but I am not sure that any middle ground can ultimate resolve the issue, and in declining to specify, or include practical means of avoiding these dangers, Parijs weakens the proposal.
I worry that the inevitable interaction between members and the alien labor force will result in the exploitation of the alien labor force, the creation of a new underclass in basic income society, and the perpetuation of poverty within at least the territorial confines of the basic income society, for the same structural reasons that poverty persists today.

[This is a very important issue, and a difficult one to deal with. I think you are correct that a radical inclusionary strategy would be self-defeating: there would be no realistic way to finance a generous BI if it were made available to everyone who manages to get onto the national territory of the grant. It could, of course, be made available to anyone who becomes a legal migrant/citizen, and appropriate rules for that status could be devised, but this would almost certainly involve at least some intensification of the labor market dualism that is already present in the developed world (especially the US): citizens with rights and undocumented workers without rights. So, you have identified a critical problem.

I have a number of thoughts on these issues:

(1) Perhaps we need combine nation-specific BIs with some serious global-BI. After all, most migrants from poor countries would, all things considered, prefer to stay at home – migration is a difficult process with lots of personal costs – and a modest global BI could reduce the migration incentive.

(2) In the world in which we live today, the greatest illegal immigration occurs in the US, a country with the weakest safety net, the least redistribution, the most limited public benefit system. And within the US, there is relatively little (not zero, but less than one might expect) migration of poor people from states with minimal welfare provision to states with high provision. So it is possible that the problem you identify might not be so intense as to undermine the project of BI altogether.

(3) There is quite a lot of evidence that the porousness of national borders is as much a question of public policy as of spontaneous economic-demographic forces. So, perhaps the current level of porousness could be maintained and thus the illegal immigration problem would not be especially worse than it is now. This does not mean that the dualism you describe wouldn’t be a problem, but it might be a relatively tractable one.

(4) In the end, I think it may be necessary to separate the question of social justice linked to labor migration and social justice linked to redistribution. One might believe that a full project of social justice demands both (a) open borders to all people and (b) basic income-type distributional mechanisms, but that it is impossible against a background of massive global inequality to do both at the same time. Thus one needs to prioritize these two demand of justice.
My arguments against both Basic Income and Stakeholder Grants systems will be more political than economic.

Even if I think that these two systems have in common not to pay any attention to actual power relations in societies while trying to solve the distribution problem, which is the weakest point of the systems, I prefer to divide my arguments against each one of them. Let me begin to saying that I’m totally opposed to stakeholder grants. Here are my arguments:

1) Ackerman and Alstott reduce the meaning of freedom to a simple “economic” opportunity. However freedom has to be understood more politically as Pateman pointed out. [But: couldn’t one say that even if freedom includes question of political capacity, community, and other such values, it also includes issues of economic opportunity, so that the freedom of many people is diminished because they lack assets? I am not sure it is fair to say that A&A reduce freedom to simple economic opportunity, instead of saying that the only focus on one dimension of freedom.]

2) They suggest giving the grants equally to all individuals. I couldn’t get the idea of “redistribution” here. If rich and poor have same amount of grant, what will be changing in the real life? [The idea here is that giving the same amount to rich and poor improves the position of the poor relative to the rich: if before the distribution, say, the average young poor person has zero assets and the average young person of the top 10% of the wealth distribution has access to $50,000 of assets, after the distribution the poor will have $80,000 and the rich $130,000 (assuming that the wealth tax doesn’t reduce the $50,000 going to the rich youth). Also, since the program is funded by a wealth tax, families which already have lots of assets – the rich – will pay into the fund that provides the assets for all young people, whereas assetless poor people contribute nothing. So, there is redistribution in a double sense: transfers from older wealth holders to young people of families without assets, and improvement of the asset holdings poor young people relative to rich young people.]

3) Maybe not that much equal! They have some principles to distribute the grant that terminate the equality. The person who deserves the grant has to have a high school diploma and to stay clear of crime. In that way s/he can prove that s/he is a rational individual and can have meaningful decisions. This is just what liberalism wants! With rejecting this kind of a conceptionalization of individual, at the mean time we have to think who (which class, which groups) will be excluded? [I agree with you that their exclusions are pretty annoying! However, they also say that for someone without a high school degree they can still get access to income generated by the stake, just not the stake itself. In effect, for those individuals the stake is converted into a kind of annuity – a sort of Basic Income.]
Briefly, Ackerman and Alstott’s idea of stakeholding seems to me very far away from building a new, more democratic and equal society.

Basic Income with the contributions of Wright, Pateman and Purdy, has a chance to transform the power relations in society. People don’t have to work anymore just for breadwinning. And they will have time and chance to do what they really want to do. This is a real freedom that most of us don’t have. Still BI has a risk to be limited in the individual realm. That means if the idea of freedom in BI can’t be socialized it won’t make any change except individuals’ lives. [One might argue that certain kinds of changes “in individual’s lives” also have significant social consequences. For example, BI can be viewed as a way of providing social support for nonmarket activity. Such activity is “social-ized” in the sense of given social backing. This would include community and political activism, caregiving labor, the arts. This does, of course, imply that BI changes individual lives, but the effects are definitely social.] This is something of course but not enough for the society which I/we dream of. Wright and Pateman seem more optimistic in that point. In my opinion, it could be better, and it should, if some other institutions that strengthen the effect of it support BI. [I am not completely clear what precisely you are calling for here. The proposal for BI does not claim that BI by itself solves all social problems, resolves all issues of social justice, or that it should replace all other programs of social provision. Thus, for example, it would not replace free public education and health care.]

The other thing is that; BI, like stakeholding, will distribute equally. But to give equal opportunities to two persons who began the “race” in unequal conditions, just help to fix inequality between these two. Building the real equality, maybe we should think about to give “more” to disadvantaged parts of the society. [This is an important, general issue: the relative merits of means-tested programs vs universal programs. Remember that for richer people they will have their taxes increased by more than the BI and thus they will not be net beneficiaries. Many people believe that there are strong reasons why universal programs are preferable.]

Creating a new society is about changing power relations and also mentalities. It isn’t just the question of money! Basic Income may be one of the means which can help us through that way.

5. Chang Kwon

I like Van Parijs’ conception, “Real Freedom”. How to regulate the market force? That’s the main question which I have in my mind. Social justice as a ‘fair distribution of the real freedom’ (p.13) should be accepted as the principle on the welfare of citizenship. And, Tony Blair’s proposal, “baby bond” is the very interesting example which reveals the possibility and feasibility of the stake-holding.
1. Questions

- Basic income is designed “on an individual basis” (p. 7). Is individualism an appropriate value for the alternative society? And, the beauty of individualization? (p.18). I don’t think so. Individualism is the typically capitalist mentality (and one representative characteristics of American culture). Individual-based benefit, however, tends to increase the probability for female to be independent (to increase the divorce rate) if the relationship between partners is not good (e.g. fight, abuse, etc.). If the “family value” is really important in the given society, the policy should consider the economic incentive to maintain the family stability. [This is a good, and difficult, issue. I think that PvP is definitely operating within a liberal-individualist political philosophy in which individual rights are seen a pretty fundamental. He is thus concerned that a Basic Income not reinforce domination within households, and it is for this reason that it goes to individuals rather than households. If one is concerned that this will increase the divorce rate above what it should be given the existence of abusive relations, then some policy should be considered to counteract that effect. But is the best way to do this to give the income to the family as such, which in many households will mean the male “head of household”?]

- What’s “employment rents”? (p.14) [see my comments on Matais interrogation]

- Is basic income plan applicable to the third world? (What’s the presumption to make it possible to build basic income plan in the third world?) [Good question. Perhaps it is even easier in a poor country because “basic subsistence” is pretty cheap]

- Paradox: better for the poor to give to the rich? In terms of income distribution effect, means-tested guaranteed income is more effective than basic income. And if we consider the limited resources, the feasibility of basic income will be smaller than means-tested guaranteed income. Of course, there is the problem of stigma and there are much more administrative costs in the means-tested program. But, I cannot understand, “giving the rich is cheaper (p.16).” [Good issue to discuss. The same can be said about public education and health care: perhaps we should give it free to the poor and make everyone else pay? The counter argument revolves around the nature of the solidarities needed to make programs durable and generous.]

2. Comments

I think Basic Income plan & Stakeholder Grants are both the way to accomplish the just distribution. “Without work requirement,” the right to a guaranteed minimum income is assured in the basic income plan. It’s like “De-commodification” (Esping- Andersen), which indicates the level of welfare state. But, Ackerman & Alstott argue, “stakeholding
and basic income also reject the center-left’s version of universalism: social democracy (p.43)”. Is the centrality of the concept, ‘labor’ rejected in the discourse of the 21st century?

6. Linda M. Zech

General comment: This interrogation is a bit too much summary of some of the central ideas of the proposals and not enough raising specific questions about the proposal. It is really only at the very end that some specific questions are posed (I will focus my response to those). Since the idea is to use the interrogations to construct a discussion agenda, it would be good next time to focus more on posing a question and explicating it.

Normative Foundations

The proposals for Basic Income (BI), as represented by the view of van Parijs, and Stakeholder Grants (SG), as represented by the view of Ackerman & Alstott, share an egalitarian goal of freedom for all. BI is designed to increase freedom by insuring a right to income and access to activities (paid and unpaid) throughout life. It seeks to alleviate problems of poverty and unemployment. SG seeks to ensure an initial equality by guaranteeing a share of the accumulated wealth to all at the age 18 in the form of an stake of $80,000..

Design Principles

Both proposals are dependent upon taxation as the primary method of funding. The design of SG is fairly easy to describe. It is funded by a tax on income above $230,000 at the rate of 2%, until later replaced by a death tax, recouping benefits from the stakeholders (plus interest). BI is much more complex, but will almost certainly rely upon taxes, and may be supplemented by other forms of benefit, especially during the phase in period.

Both proposals do not require a means test or a work test, and are distributed to an individual by the government (what level is unclear) regardless of household status. BI is distributed in regular installments throughout life and into retirement. SG is a one time grant with variations for college bound students, but can be converted into an income stream through the purchase of an annuity. SG requires faith in the wisdom of the beneficiary to make wise choices for his own future at the tender age of 21. BI encourages beneficiaries to seek work which may be more rewarding than the lowest paying jobs may have to offer, if they wish to increase their income and standard of living. They are free to turn down the worst jobs. Those who take the SG and squander it may have to turn to such jobs.

BI is conditioned upon the existence of universal education and health care. These are critical elements which Americans do not have – and which are threatened by further goals of the current administration’s love of “privatization”. 
Context Conditions
Both systems require taxations systems which increase the burden on the wealthy a politically difficult position in many countries. Political adoption of such programs in the US is hard to imagine at this point in time. Universal health care is an essential first step.

Miscellaneous
SG is clearly conceived as more robust, with a plan for refunding from the beneficiaries. Implementation and robustness of BI is harder to determine. Both seem to require state level implementation – and unlikely to be scaleable up or down.

One possible negative consequence of the proposals is the enslavement of some other country’s people. If all in the BI and SG countries are free to avoid the worst jobs – who will do them? [One possibility is that this will generate incentives to automate certain kinds of jobs, or to redesign the division of labor so that unpleasant work is combined with interesting work. Another possibility is that such work just becomes quite costly so that people are really paid for the “disutility of labor”.] Is it reasonable to believe the employers will redesign work to satisfy the empowered worker or is it more likely that they will ship those jobs overseas to developing countries with no empowered workers? [Would this necessarily be a bad thing? If there are places in the world for which a bad US job constitutes an improvement, maybe such movement of jobs is desirable.]

7. Stuart Meland

Basic Income
I have an economic question with regards to Basic Incomes. If all people are given an equal share, regardless of the amount, what will prevent wages from falling as workers can afford to work for less, or inflation from rising as people can uniformly afford to spend more? [A very low BI might well act as a wage subsidy for low wage work. So long as a person cannot afford to leave the labor market and live off a BI, then employers could potentially lower wages. This is one of the arguments against the Earned Income Tax Credit – a kind of negative income tax partial BI – i.e. that it is really just a wage subsidy for low wage jobs. But if a BI is generous and allows for an exit option, then unless the work is very attractive for nonmonetary reasons, there would be no reason for employers to be able to lower the wages. Really interesting work might become much cheaper, but not unpleasant work, it seems to me. On inflation: since this is redistribution, not printing money, there is no inherent reason it would be inflationary.]
Stakeholder Grants

Ackerman and Alstott present Stakeholder Grants (SG) as practical solutions that can be a “major vehicle for the exercise of real freedom” (47), not as fanciful utopian conjecture. In the spirit of envisioning real utopias, I question the practicality and feasibility of this proposal.

They illustrate their argument with proposed cultural ramifications of SG for generations beyond its implementation. However, they are missing a concrete transition strategy, or series of possible strategies for introducing SG into society. How do we introduce SG without alienating those members who will not receive a comparable grant?

Hypothetical: Sept 11, 2003 - the president signs into law a bill that will provide those children currently below the age of six a SG as outlined by Ackerman and Alstott. Everyone rejoices. A seven year old in Missouri then asks her parents what she will receive when she turns 21. Her parents tell her that not only will she receive nothing, she will be at a great disadvantage when she is forced to compete with her younger SG recipients.

What Ackerman and Alstott do not account for is the need to establish a launch point, whatever it may be, which divides those citizens who will receive the SG from those who will not. This point will artificially divide a generation and will likely be a source of contention between those who have an SG and those who do not. At maturity, the first generation of SG recipients may well have more purchasing power than their 40-something parents. Compared to their younger brothers and sisters, those siblings born before the launch point will not only have less access to capital when they begin their adult lives but will find themselves at a great disadvantage when forced to compete with their younger siblings for the fruits of capitalism. The older generations may well deride the SG recipients as having life handed to them, which will devalue SG recipients’ accomplishments.

A possible though imperfect solution would be a progressive SG implementation beginning with a $5,000 SG at maturity for today’s 18-22 year olds, a $10,000 SG at maturity for today’s 14-20 year olds, a $20,000 SG at maturity for today’s 10-14 year olds, a $40,000 SG at maturity for today’s 6-10 year olds, and the full $80,000 SG at maturity for today’s 6 year olds and younger. [I think your proposal is the right sort of solution within the constraints of the SG-type project. Perhaps you could smooth it out even more dramatically, both forwards and backwards: Children turning 21 in 2003 get $20,000; in 2002, retroactively, they get 18,000; in 2001, they get 16,000; etc. and then in 2004 they get 22,000, etc. I do think you have identified a problem, but it seems likely that some device can be constructed to make this tolerable.]
8. Eric Freedman

The main questions I had while reading this book dealt with unintended negative consequences of basic income and/or stakeholder grants.

The most obvious concern would be capital flight, as I believe has happened in countries that have implemented large-scale welfare programs in the past. It would seem then that the distribution strategies proposed by Ackerman, Alstott, and Van Parij would only be feasible if they were implemented all over the world at the same time. Capital flight is certainly, potentially, a serious problem, but this would depend on the extent to which BI actually leads to a squeeze on the rate of profit and what its net cost will be. It isn’t entirely obvious that BI would render capitalist investment less profitable in the longrun, given that it will have some productivity-enhancing properties. But this is certainly a good issue to raise. This issue brings up another problem of a more normative nature: Why give grants only to citizens? Why not offer grants to people all over the world? Yet while the proposal seems financially feasible in a wealthy country like the United States, it would not seem to be so on a global scale. This has actually be discussed in some interesting ways. One ideas is that the normative grounds for a global BI is a global redistribution on the rents coming from natural resources (on the claim that humanity as a whole “owns the world” rather than the people who happen to live in the place where those resources exist). Some estimates of a global redistribution of resource rents give a per capita global BI at something like $500/year, which would be a huge boon to the third worold, but of course not much of a BI in the developed world.

Second, I wonder about the effect either of these proposals would have on birth rates. Would couples choose to have more children because each child was ensured a sizable grant upon reaching adulthood? BI does go to children as well as adults, although probably at a reduced rate. The level could be adjusted to make the grants neutral as an incentive for more children, or it could be pronatalist if there was a reason to increase the birth rate. If the grants are meant to be basic income, then they should not greatly spur population growth, I would think, since having children is “costly” in nonmonetary ways – which is why rich people generally have fewer children. Would the increasingly large payments of grants/income that would result form this population growth bankrupt the government? What about immigrants flooding into the country upon hearing about the grants? (Again this brings up the question of international versus national implementation.)

Third, I wonder about how stakeholder grants would affect college tuition rates. Might universities quickly increase their fees knowing that so many 18-21 year olds could afford it? Would the best jobs require even more advanced degrees given that so many more people were attending college? Good point. Stakeholder grants might well create a context for rapid tuition increases unless there was a constraint put on tuition policies, which might be difficult. And it probably would be the case that if there was a dramatic increase in University attendance that education requirements would increase, since the function of “credentialing” would be eroded. Ultimately this means that since part of the function of education is sorting people hierarchically, if you diulute the sorting capacity of a given level then you escalate
the place where sorting occurs.] Another educational question: If high school diplomas are required to acquire the grants, it seems that high schools would be under enormous pressure to lower graduation requirements, or simply to graduate students that had not achieved the requirements. Parents would be putting enormous pressure on schools to graduate their sons and daughters at all costs.

(A final note: I have not gotten through all the responses in the second half of the book, so I apologize if some of these issues are covered there.)

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9. Patrizia Aurich

**Basic Income or Stakeholder Grant?**

The main normative difference between the two proposals regards the understanding of individual freedom in relation to the public welfare. So argues Erik Wright that the establishment of a universal basic income (BI) should be regarded as a public good, which is not only about reducing social injustice, but also leads to an equalization of class power within capitalist class relations and insures the stability of this process (Wright: 80). From this point of view the individual freedom, which would come with the introduction of a stakeholders grant (SG) being able to choose, how to spend the money, seems less worthy or in other words less important than the good of the society as a whole. Stuart White raises a similar argument in saying that supplemental paternalism regarding the SG does seem reasonable, if the majority of the citizens agree (White: 70). He also sees the individual freedom as something that can possibly be prevailed by the will of the public or a political community as used in the definition of Philippe van Parijs (van Parijs: 4).

But I believe that the question is not whether individual freedom or public welfare is more important, but in what relation these values can be balanced. As White has shown a SG without considering the public interest on how people spend their money so they don’t become dependent, misses the fact, that this sort of individual freedom means no real freedom either by virtue of other constraints on the individuals choice. But should the public interest be given so much weight as in the first example on basic income? Wouldn’t that ignore the individual freedom at all? I think that the individual freedom should not be completely reduced. Even in a society with basic income there will be needs which force people onto the labour market. At least from a present point of view: having to pay for university for example. What is it worth if you have a certain income, but you want to spend your time studying and cannot afford it. A result of that could be people taking up loans on the black market under worse conditions. In contrast to the BI would the SG give people at least once a greater choice on what to do with their money without having to wait for years like today or under circumstances of a basic income.

For these reasons I find the SG from a present point of view more appealing, not only because it seems more feasible as Wright argues (Wright: 78), but also because I believe that the individual freedom has to be taken into account somehow, even if only in combination with a regulation of the SG in favour of the public interest.
[You raise a very basic issue here: does BI or SG do more for enhancing the value of individual freedom, and you argue that since SG offers more choice, it is more freedom enhancing. The main example you give of this centers on the possible use of SG for tuition at University. A couple of comments here: There are a range of possible expenses people face for which there are issues of how public vs private burdens should be allocated. Health care is an obvious additional case. No defender of BI says that public spending on health care should disappear and this should paid out of BI. Health care – at least basic health care -- should be free and universal, most people argue. University education has other considerations, since it brings such large private benefits to those who get the degrees. But there are alternatives to having it either free (as in some European countries) or paid for completely privately out of a SG. One possibility is what is called a “Graduate Tax” – a surtax on income tax paid by college graduates when their annual earnings get above the median income. This does not penalize people who use their university degrees for public service in relatively lower paid employment, nor does it impose risks on poor students who would otherwise have to take out loans (since the surtax only kicks in if college pays off for them). My basic point here is that we might not want to put too much of a burden on SG vs BI to solve various social justice problems like paying for college.

In terms of overall freedom-enhancing effects, I think a case can be made for either BI or SG as enhancing individual freedom more when you look at the whole life cycle.]

10. César Rodríguez

Along the lines of the questions to ask of real utopian proposals that are suggested in the handout from last week, I would like to submit two discussion points:

I. Regarding the normative foundations and design principles of basic income (BI) and stakeholder grants (SG), a recurring point in the debate that I found particularly interesting—and that, I think, merits further discussion—is the issue of the fundamental goals that each proposal seeks to achieve. I agree with Pateman’s, Wright’s and Standing’s observation that what is most attractive and distinctive about BI is its decommodifying potential – that is, the promise it holds to weaken or sever the link between employment and subsistence, and therefore to shift the balance of class power in capitalist societies. In contrast, as Ackerman and Alstott explicitly argue, SG is not (at least mainly) intended to decrease commodification, but rather to increase equality of opportunities.

To my mind, this difference tilts the normative scale decidedly in favor of the BI scheme. For the public goods that Wright and Pateman discuss –i.e., greater power symmetry among classes (Wright) as well as more individual autonomy and gender
equality (Pateman)—are indeed crucial components of a “good society.” However—and this is where the normative foundations intersect with the design principles—I think that the decommodifying potential of the BI proposal hinges on its precise institutional details. As Pateman claims in criticizing Van Parijs’s rather loose discussion of the amount of money that would be paid to individuals as BI, such details are crucial and determine precisely what goals are served by a BI system. So, I would propose that we consider different levels of BI and discuss their normative and practical implications. Here are some alternatives:

1. A BI below the subsistence level (say $200 a month): this level of BI would serve as a means to relieve poverty, but would not make a considerable difference in terms of decommodification. People would still have to work in order to survive. [Note, however, that in contexts of widespread poverty (like in the global South), a BI set at this level (adjusting for cost of living) would mean an immense step in the direction of a less oppressive society.]

2. A BI at the subsistence level (say $400-$500, as claimed in several of the papers): this seems to be the option preferred by several of the authors, in that it combines the possibility of opting out of paid employment while keeping intact the incentive to work to have a standard of living above the subsistence level.

3. A BI above the subsistence level (say $800): this seems to be viewed as too high an BI by most of the authors because, in their view, it would be financially unfeasible and would create a strong disincentive to work. [Small point here: Even a large grant does not really create a disincentive to work, since there are no punishments that accompany work. What a large grant generates is a reduction, and perhaps elimination, in the disincentive to exit the labor market, or a reduction in the incentive to work. But that is not a disincentive to work.]

Against the background of these alternatives, my specific questions are the following:

1. Which of these options are the advocates of BI putting forth? While Van Parijs’s original article leaves this question open, as he is explicitly against “purism” and for institutional “tinkering,” several of the commentators seem inclined to the second option. However, in his afterthoughts, Van Parijs seems to revert to the first option, as he compares the SG to a $160/month basic income. What exactly, then, is the proposal? [The $160/month BI is probably just the BI stream that would be generated by the size of the SG proposed by Ackerman and Alstott. That is: $80,000 lump sum payment converted into an annuity → $160/month flow of income (a return of about 2.5%/year or something like that). I don’t think that PvP really thinks that that level would accomplish what he wants as BI to accomplish. I have always felt that it had to be roughly at the culturally-defined level of a “respectable” standard of living – say, 125% of the poverty level.]

2. To what extent even a BI set at the subsistence level or above it (i.e., options 2 and 3 above) would produce decommodification? When referring to the likely candidates to opt out of paid employment, most of the commentators refer to artists, political activists, and community organizers. Also, some of them rightly point to the possibility of some people withdrawing temporarily from the labor market to take care of their children or sick relatives.
However, given that even the most generous BI (e.g., option 3 above) would be enough only for living modestly, in practice most people will prefer to enter employment relations in order to have at least a middle-class standard of living. In other words, rather than massive decommodification —"a capitalist road to communism"—, what BI can realistically promise is a society that, albeit still pervasively commodified, has the potential for smaller class inequalities and creates opportunities for decommodification at the margins. While this, of course, would be no small achievement, it is important to examine with more precision what is meant by the decommodifying potential of BI schemes. [This is a really interesting issue. I’m not so sure that you are right that even level 2, and especially level 3, might not have more profound decommodifying effects. Remember, people live in households, so their total consumption would often not be dependent entirely on BI. Also, BI could figure in anti-consumerism “voluntary simplicity” strategies in which people also ratchet down their consumption in favor of market-free life choices.]

II. Although most of the discussion in the book is couched in terms of the normative desirability of either proposal, I think it would be worthwhile discussing the differences between BI and SG also in terms of their political feasibility and their context conditions, as Ackerman and Alstott insist at several junctures in their argument. From these viewpoints, an additional point of discussion would be the conditions each proposal is more likely to take hold. With a view to our class discussion, here are some preliminary thoughts:

1. BI seems to be more politically feasible under conditions in which its introduction would help rationalize already existing large welfare expenditures, and where the values of security and equality of outcomes are salient in the political culture. This is the case in continental Europe, where, as several of the commentators note, some embryonic forms of BI already exist.

2. BI is also more politically feasible in contexts of widespread poverty and nonexistent welfare states, like in most of the global South. Behind Van Parijs’s discussion of the “the Southern routes to basic income” is the fact that under circumstances of massive poverty, only a universalistic measure such a BI would have any political clout. In such a context, a “baby bond” or a SG would be seen as creating a two-tier society, in which a class of privileged youth would exist side by side with a mass of impoverished citizens.

3. SG seems to be more politically feasible in countries such as the U.S. and the UK, characterized by what Esping-Andersen calls liberal welfare states and political cultures that put a high premium on equality of opportunities. Unsurprisingly, Ackerman and Alstott make little effort at extending their arguments beyond the Anglo-Saxon context.

[I know that A&A claim that SG would be more compatible that BI with the values of the US, but I am not entirely convinced of this. The opposition to both would be very large, and so in a way the issue seems to me to be which would, in the long term, have more potential coalition partners who would see the program as not just normatively viable but also serving their particular interests. I think a broader coalition around BI is potentially possible because (a) it goes to everyone rather than
just 21 year olds, so older people won’t see it as only helping youth; (b) it solves a range of problems faced by quite diverse constituencies (support for caregiving for women; support for the arts; subsidies for small farmers; etc.)]

11. Jay Burlington

In this interrogation*, I take issue with some of Ackerman & Alstott’s arguments in support of Stakeholder Grants (SG) and their corresponding critiques of Basic Income (BI) as articulated by Van Parijs.

Ackerman & Alstott argue that SGs have two major functions, (1) as a “major new vehicle for the exercise of freedom” (p. 47) and (2) “as the institutional focus for a dynamic culture of citizenship” (p. 47). Below is a point-by-point response to several of Ackerman & Alstott’s arguments.

SG a major new vehicle for the exercise of freedom

A. BI a restraint on alienation, while SG offers more freedom

Ackerman & Alstott argue that BI, while it is a laudable ideal, is more paternalistic than SG: “Basic income, in short, is a fancy name for a restraint on alienation” (p. 44), as it imposes a ‘universal spendthrift trust’ on citizens. BI, because it does not grant a block sum of money to recipients, therefore ‘cheats’ those who would rather invest their lifetime supply of BI in their education or other forms of human capital (pgs. 44-45). “Under basic income, he will have to wait four or five years to accumulate the money. Why?”

This seems to me rather overwrought as a critique of BI, since BI schemes have a different goal than SG schemes: the direct provision of some level of financial security and its corresponding alleviation of poverty. Ackerman & Alstott’s critique also assumes that there is no other subsidy available for (in this case) investment in education. More generally, they do not consider the positive systemic effects of BI, such as the potential for increased bargaining power for employees to change the character of jobs. [But still the issue remains: is BI a more paternalistic policy than SG? It may be good for its other goals and still be less freedom-enhancing than SG]

B. BI encourages a short-term consumerist perspective, while SG encourages longer-term thinking

Stakeholding “invites [young adults] to take control of their lives” (p. 45) and opens up the possibility that young adults “consider how their aims and abilities are likely to unfold over time” (p. 45). This is in contrast to BI, which encourages a “short-term consumerist perspective” (p. 45) since using their example of a $400 monthly basic

* I have not yet finished all of the reading for the week, so it may be that I am covering ground that is covered more articulately in the readings.
income, this amount can only ease financial crises and does not facilitate the kind of long-term planning that SG would.

It may be true that coming into a large sum of money like $80,000 will facilitate evaluation of life goals and encourage long-term planning by individuals when they reach the age of maturity, this supposed advantage of SG. But the characterization of BI as ‘consumerist’ seems a bit overdone. Certainly some or most of a monthly universal basic income will be directly used for the purchase of goods and services and not invested in, say, the stock market, but again, that does not seem to be the purpose of BI. [You could add here also that BI can be saved when it is used as a supplement to ordinary income by someone who stays in the labor market. $5,000 as year savings compounded is quite a lot and can generate a lump sum that can be leveraged into larger funds fairly quickly. That also encourages longterm thinking]

C. BI has a demoralizing aspect, because the system would be subject to abuse

Ackerman & Alstott give a hypothetical example of John Citizen who, through ‘clever lawyering’ (p. 46) or a ‘neighborhood loan shark’ (p. 46), manages to convert his basic income into stakeholding, i.e. a sum of money he can use to invest in, say, auto-mechanic school. In the case of ‘clever lawyering’, John could later default on his loan, but under the condition of unconditional basic income, would still be entitled to receive a monthly basic income; in the case of the loan shark, John is engaging in illegal activity, and is thus a criminal – “simply because he wants to make an investment in his future” (p. 47). Under a BI regime, John will be very bitter and feel cheated and not reciprocate the basic income he has received with “loyal acts of citizenship” (p. 47). He will thus be demoralized.

This honestly strikes me as a silly argument. I do not see why exceptions around the edges of a BI scheme like the above example could not be effectively dealt with by appropriate regulations. Ackerman & Alstott’s argument assumes that people would, under a BI regime, come to expect a large sum of money (like a stakeholder grant). I do not see why this would be the case, and I do not see how – if violations of this sort were dealt with effectively – incidents like these would be widespread enough to demoralize wide swaths of a given society about BI. [You’re right in your general response, I think. But there still is an issue generated by the restriction on BI that it cannot be pledged against a loan – it is “unmortgagable”. This is certainly a restriction on individual freedom, since any other stream of income – say from an annuity – could be mortgaged. I agree that it is pretty implausible that this restriction would generate bitterness and demoralization.]

SG an institutional focus for a dynamic culture of citizenship

A. SG will create a ‘proud culture of citizenship’

Since stakeholding will be a birthright, citizens will hear people around them engaging in an ongoing cultural conversation about using their freedom (in the form of SG) in a responsible fashion (elders reminiscing about the decisions they made in their youth, etc.). “As they grow older, citizens will forever be returning to their youthful days, and
reflect on their choices, and what has become of them” (p. 48). This will create a “proud culture of free citizenship” (p. 48), which BI would not, because of the relatively modest level of freedom afforded by a regular stream of small checks.

It seems plausible that such a common experience – receiving a stakeholder grant and then having the freedom to make choices that would, for many people, not otherwise have been available – would become a part of a given country’s cultural conversation, and could encourage more responsible financial planning. I am not sure, though, how this translates to other arenas of citizenship, like political participation. [But one should also add that since there will be many youthful stakeblowers, and others who are just unlucky in their stake-choices, the culture of stakeholding may contain lots of bitterness and regrets.]

B. SG promises to be an institution which engages people in a common project of freedom for all, while BI would undermine such a project

If the ideal of the liberal state (assuring equal freedom for all) is to become a reality, “it must be embodied in social institutions that ordinary people find meaningful” (p. 48). BI would undermine this project because of the many who would abuse the system.

This critique of BI suggests to me that Ackerman & Alstott are more concerned with creating a ‘culture of freedom’ [to invest – in human or other capital] than in alleviating poverty and changing the character of jobs. I am skeptical of the idea that abuse of the BI system would be of such a character and exist to such an extent that BI would – due to abuse – thereby be undermined as a viable system of alleviating poverty. [But also: BI can certainly be construed as a project for “enduring real freedom for all” in a way that is responsive to life-cycle changes, changing needs, etc., whereas the lump-sum high stakes quality of SG for many people is a flash of freedom rather than an enduring state. It isn’t at all obvious which would sustain a robust sense of real freedom as a value.]