Debating unconditional basic income

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Abstract  Much of the literature on unconditional basic income considers reciprocity to be necessary for the success of the basic income project. From a normative standpoint, the idea is that receiving without giving is unfair and unjust. From a technical standpoint, the absence of mechanisms that encourage reciprocation invites free riding which threatens to erode the economic structure upon which the system of distribution depends. As a solution to this conundrum, many theorists have proposed that communities adopt a set of social norms that encourage recipients to contribute to the productive capacity of society. This paper interrogates whether this alternative to conditionality is consistent with the rationale for implementing unconditional basic income in the first place. Finding that solutions based on social compulsion risk substituting formal conditionality for informal but nevertheless coercive codes of conduct, the discussion seeks to rescue the unconditional basic income project by demonstrating that the instillation of strong norms of reciprocity is unnecessary for the project’s success. Existing norms should satisfactorily facilitate societal goals while preserving justice.
Introduction

Social assistance is one of the most expensive programs in Canada. Yet, it is disparaged for being an insufficient, ineffective, and inefficient means of redistribution (Pierson & Castles 2006). In this paper, I consider unconditional guaranteed annual income —hereafter referred to as basic income— as an alternative to current ‘workfare’ policies.

Unlike previous discussions on basic income, many of which have focused explicitly on technical issues, I consider moral concerns to be inseparable from the technical debate. The following discussion engages the controversy on unconditional basic income from Rawlsian perspectives on justice and compares two predominant positions on the issue. These are the ‘moral incentives’ position and ‘real freedom for all’ (Carens 1981; Van Parijs 1995). Such a discussion is integral to assessing the feasibility of basic income because it establishes what conditions are necessary for the success of the basic income project in the absence of formal conditionality.

From the moral incentives position, the gains to be made from instituting basic income will be enhanced if formal conditionality is replaced with a stronger ethos of social duty than currently exists. The free rider problem is solved by supplementing monetary incentives with moral incentives to contribute to the good of society, whether through paid or voluntary work (Carens 1981: 94-95; Weeks 2011: 147-150). From the real freedom perspective, the valuation of individual agency demands that notions of duty be avoided as much as possible. The idea is to allow individuals to behave as they please absent any contravening pressures. Whether this means acting dutifully or free riding is a matter of individual choice (Van Parijs 1991).

I find that, insofar as the moral incentives framework poses a risk of substituting formal conditionality for informal but nevertheless coercive codes of social conduct (e.g., bullying, shaming and

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1 Estimates vary tremendously and so should be approached with caution. According to Statistics Canada CANSIM table 385-0001, the average annual expenditure on social assistance for the years 2000-2009 was over $72 billion.
harassment), it is an undesirable alternative. While informal codes of conduct may solve problems of efficiency by supplanting a costly bureaucratic apparatus with voluntary forms of social monitoring, the solution is objectionable from the point of view of a liberal conception of justice. This is not to say that enhanced norms of reciprocity are entirely unwelcome. Only once a certain threshold is crossed would such a solution impinge on individual freedom.

The big question is if, and by how much, individuals’ sense of duty has to be enhanced in order for basic income systems to foster incentives equivalent to those found in a market setting. I investigate this puzzle by analyzing data from waves one through four of the World Values Survey (WVS). The findings suggest that current norms of reciprocity are sufficient to prevent pervasive free riding upon the implementation of basic income, but that such norms will likely be enhanced by the enactment of basic income policies. On the issue of fairness, my findings are admittedly less satisfactory. Confronted with evidence that society is divided on questions of social duty and individual freedom, I advocate, albeit tentatively, for the organic development of social norms under a system of guaranteed annual income.

**Pathologies of conditionality and the justification for basic income**

Income assistance in North America is highly conditional. In order to receive assistance, recipients must demonstrate both financial need (means testing) and reduced employability, whether temporary or permanent. Taken together, the two criteria are what I will refer to as conditionality.

Beginning with the assumption that able adults should be gainfully employed, advocates of the current approach to social assistance cite relative incentives as the foundation of sound policy design (Besley & Coate 1992). Consequently, avoiding incentives that lead recipients into ‘poverty traps’ became

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2 These waves represent data from 1981-1984 (wave one), 1989-1993 (wave two), 1994-1998 (wave three), and 1999-2001 (wave four), for an N of 34 444.
a topic of public discourse in the early 1990s (Soss & Schram 2007). The resulting welfare reform — implemented under the auspices of ‘welfare to workfare’ — sought to enhance work incentives by gradually phasing out welfare benefits as personal income increased (as opposed to ceasing benefits outright, as had been the case under previous schemes) (Moreira & Lødemel 2014). Part of the rationale for increasing work incentives was to alleviate strain on the administrative apparatus charged with monitoring qualifying criteria — namely, that recipients capable of working were indeed seeking employment (Blumkin, Margalioth & Sadka 2013).

Opponents of the existing system criticize workfare for being demeaning, infantilizing and inefficient (Friedman 1962; Soss 1999; Steensland 2008). It has long been recognized that work undertaken out of necessity or desperation does not conform to the ideal of market exchange between free, consenting parties (Satz 2010). Beyond this, some critics maintain that workfare is ineffective and/or unproductive. Van Parijs (1995), for instance, explains that economies are non-Walrasian in the sense that labour markets would not clear, even under ideal circumstances, due to the frictions created by ‘employment rents.’ Employment rents can be understood as equivalent to costs incurred hiring, firing and training workers. These costs are added to the exchange value of labour in the calculation of wages. Consequently, labour markets may be less ‘liquid’ than is often supposed since workers have incentive to accumulate rents by remaining employed. This, according to Van Parijs, renders employment analogous to a scarce asset.

From this perspective, as with any scarce asset, productivity is enhanced when those who will maximize the productive potential of the asset are granted access to it (see Van Parijs 1991: 105-112). The takeaway, according to Van Parijs, is that the unemployed should not be punished for relinquishing shares of scarce resources (in this case, employment) to those who wish to reap the rewards in terms of both exchange value and excess rents. Conditionality and job sharing are rejected from this perspective for
diminishing productive output and, consequently, the size of employment rents. Adding unfairness to the pathologies of conditionality listed above, Van Parijs insists that a fair division of societal resources would require unemployment benefits at least equal to the sum of employment rents (Van Parijs 1995: 108-109).

On the whole, critics of workfare tend to argue that, since desirable jobs will always be in demand, workfare policies either prevent access to jobs by the people who want them or force recipients into work that does is not adequately compensated at market prices (Muirhead 2004; Weeks 2011). One way of overcoming both normative and technical objections to contemporary workfare is to institute unconditional basic income.

Historically, the most popular proposals in favour of guaranteed income have been in the form of negative income tax (Rhys-Williams 1943). Support for this form of de facto guaranteed income has predominantly stemmed from its potential to make market distorting alternatives unnecessary, particularly minimum wage (Stigler 1946). Under a negative income tax scheme, tax entitlements are paid out beyond the zero threshold (hence negative income tax). For instance, if an individual or family qualifies for an allowable entitlement but does not have any income whatsoever, they receive the full amount of the entitlement in the form of a subsidy. There are, of course, variations on the theme. Milton Friedman’s proposal for negative income tax was premised on the idea that subsidies greater than fifty per cent of the positive tax equivalent would erode incentives to work (Friedman 1962: 192; 1968: 112). A fifty per cent negative income tax allows gains from employment to be added to the subsidy such that two dollars are gained from employment for every dollar of the subsidy foregone. Beyond this, the rationale is to curb incentives to free ride by diminishing the rate of return on each additional eligible deduction. In simple terms, the aim is dissuade individuals from taking on responsibilities they cannot afford under the pretense that society will pay the costs in full. In effect, a fifty per cent negative income tax would provide needed
financial assistance while preserving individual choice and individual responsibility (so the argument goes).

Another method is to pay out a uniform sum to individuals below a certain income threshold.³ Under such an arrangement, the relative (dis)incentive to free ride would depend on the amount of the dividend. If the amount borders on what is required for subsistence, the dividend will take the form of a supplement and will do little to erode incentives to seek gainful employment. However, if the dividend is insufficient to sustain a decent living for those unable to work or unable to find employment, it would fail to meet its primary objective.

It almost goes without saying that egalitarians insist upon much greater transfers than do conservative proponents of basic income (compare, for example, Cohen [2008] and Freidman [1968]). Where one stands on the issue of what constitutes a sufficient level of income tends to be associated with one’s position in the moral incentives versus real freedom debate, but this is by no means a rule (see, for instance, Van Parijs 1992; 2004). The challenge is to devise a basic income scheme that is both normatively palatable and technically feasible. These considerations are in many ways two sides of the same coin. Incentives, after all, are intimately tied to individuals’ understanding of what is just (Carens 1981: 120). Support for basic income therefore depends crucially on the popular perception that proposed arrangements are both effective and fair (Herzog 2015; McTernan 2013). While one cannot be given due consideration without reflection upon the other, it is nevertheless analytically useful to distinguish between the normative and technical dimensions of the debate.

³ Alternatively, dividends could be paid out to all citizens and residents filing a tax return, in which case the amount of accumulated dividends would be taxed from those above a certain income threshold at the end of the year. It is along these lines that Van Parijs (1992: 4-5) distinguishes basic income from negative income tax, with the difference between the two schemes being that the former is paid out ex ante to individuals whereas the latter is paid out ex post to households.
The technical debate

As pointed out by Atkinson (1995), earlier work examining the technical feasibility of basic income relied heavily on formal modelling. The main problem with this approach is that findings with respect to the optimum rate of taxation are significantly affected by the elasticity of the labour supply which, it turns out, is not easily estimated. Consistent with Van Parijs’s argument regarding non-Walrasian economies, Atkinson contends that ‘the incidence, and hence the design, of policy can be very different once we leave the standard Arrow-Debreu model of the economy… [i]n a world with segmented labour markets, efficiency wages, and involuntary unemployment, policy variables can have an impact unlike that typically assumed in the optimum taxation literature’ (Atkinson 1995: 155). In early studies where microdata were collected in order to discern the real-world range of labour supply elasticity, incomplete sampling is now recognized as having biased conclusions regarding reduced labour force participation among certain groups upon the introduction of guaranteed income (Hum & Simpson 1991). This led to the realization that models would continue to be improperly specified in the absence of rigorous and carefully-conducted empirical analysis.

While several pilot projects are scheduled or currently underway (see, for example, the 2016 Ontario budget), the 1974-79 Canadian Mincome experiment remains one of the most thorough studies to date on the behavioural effects of guaranteed annual income. The experiment produced several notable findings. The main one was that, compared to earlier studies in the United States which may have suffered from biased estimators, work activity responses among Canadian participants were virtually non-existent for men and rather modest for women despite the fact that new mothers in the experimental group tended

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4 Other notable experiments are the 1971-1982 Seattle-Denver Income Maintenance Experiment (4800 families), the 1971-1974 Gary Indiana Negative Income Tax Experiment (1800 families), the 1968-1972 New Jersey Income Maintenance Experiment (1357 families), and the 1969-1973 North Carolina-Iowa Rural Income Maintenance Experiment (809 families) (see Munnell 1987). Contrary to myth, Dauphin—a small town in rural Manitoba—was but one of several localities from which the 1000+ families in the Mincome experimental group were selected (the others being the Winnipeg metropolitan area and other rural towns in Southern Manitoba).
to take longer maternity leaves than new mothers in the control group (Hum & Simpson 1991). The study found that basic income does not exacerbate tendencies toward free riding or promote family dissolution—the latter of which had been suggested by previous studies—but rather leads to reduced incidence of hospitalization (particularly for mental distress) and higher rates of high school graduation (Forget 2011).

While behavioural indicators based on experiments inspire cautious optimism, the more pertinent question has to do with whether the current fiscal climate can sustain basic income. When assessing financial feasibility, consideration should be made for the fact that there currently exists a complex of overlapping social and economic programs intended to solve many of the problems basic income, it is hoped, would alleviate. Indeed, the administrative savings alone have been enough to pique the interest of commentators on the political right, many of whom, like Friedman, favour negative income tax for its presumed efficiency in comparison to alternative schemes (Friedman 1968; cf. Murray 2006). A good deal of debate nevertheless remains concerning whether basic income could ever be economically viable (Atkinson 1995).

Even among radical egalitarians there is more than a hint of doubt about the financial feasibility of basic income. Granted, egalitarians tend to dismiss more conservative schemes—i.e., negative income tax—as being insufficient for solving problems of wealth distribution (see, for example, Cohen 2008). Among the detractors, Bergmann (2004) concludes that guaranteed income would have to come at the expense of ‘merit goods’ (e.g., health, childcare, housing, transportation, education) which ought to have priority over cash transfers to individuals. According to Bergmann’s calculations governments would have to amass the equivalent of an additional fifteen per cent of the GDP in order to implement a basic income scheme of any significance. Given the already high taxes in countries with ample state provision of merit goods, Bergmann dismisses basic income as unrealistic and advocates instead for greater investment in ‘priority areas’ (i.e., merit goods).
Bergmann does not consider the ways in which basic income would relieve administrative and fiscal strains elsewhere in the public sector. Nor is it clear why basic income should be given less priority than, say, housing or public transportation, both of which are included in Bergmann’s list of prior merit goods. What if society were to prioritize basic income? In the interest of realizing possibilities in a down economy, let us consider Canadian data from 2009. In that year, with debt repayment and the priority areas of health, education, police, military and emergency services excluded, government expenditure in Canada totaled $281 billion. The number of persons eligible to receive a basic income, including 371,161 working minors, was 27,053,000, fifty-five per cent of whom earned less than $30,000 after tax. If the above expenditures were redirected toward a guaranteed income for those who earned less than thirty-thousand dollars, the amount of the dividend could have been as high as $1,574 per month.

Placing priority on basic income would, of course, mean that program and administrative dollars redirected to basic income would have to be recouped by increasing tax revenues. Note, however, that the question is no longer whether Canada can afford basic income. Rather, the question is now whether Canadian society would submit to financing an array of ‘non-priority’ services and to what extent. This would likely mean scaling back the $1,574 monthly income to an amount reflective of the priority that society places on basic income in relation to other goods and services. That said, it is not unreasonable to expect that improvements to health would lead to savings in that resource-intensive priority area (Forget 2011).

Another alternative is to invest in basic income for future generations as a type of ‘intertemporal transfer’ (cf. Jacobs 2011). Arguing in favour of what is known as ‘stakeholding,’ Ackerman and Alstott (2004) calculate that if the United States enacted a two per cent tax on incomes over $230,000, it would

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5 Based on Statistics Canada CANSIM table 385-0001 Consolidated federal, provincial, territorial and local government revenue and expenditures.
6 Based on Statistics Canada CANSIM table 202-0602 Distribution of after-tax income of individuals.
be sufficient to finance ‘baby bonds’ worth $80 000 that could be paid out to each new child born when he or she reaches twenty-one years of age. Ackerman and Alstott point out that the bond could be paid out as a lump sum or an income supplement of about $400 per month, so as to function like a basic income. Stakeholding and basic income could of course also be combined with prioritization. If program funding in Canada were redirected from, say, federal subsidies to industry—which amounted to about $3.1 billion in 2009—Canada would be able to afford baby bonds of approximately $8 284 per individual. Appreciating at a factor of ten, as per Ackerman and Alstott’s calculations, the dividend one receives at the age of majority would be over $82 000.7

As we have seen, considerable resources could be marshalled by consolidating expenditures currently geared toward social assistance, unemployment insurance, job sourcing and job creation—never mind the costs associated with administrative apparatus governing these programs. But the reallocation of expenditures only goes so far, and considering current intolerance to tax increases, it is likely that dividends paid out of any forthcoming guaranteed income scheme would be quite modest. The argument that basic income would create disincentive to work is thus rendered moot by fiscal realities. The level of basic income currently attainable is such that there would remain strong incentive to top up dividends with paid employment, at least for individuals who aspire to a standard of living above mere subsistence.

But what, if anything, is to be done about those who are content to live on basic income alone? Consideration of recipients’ rights and duties under unconditional basic income schemes quickly reveals that normative concerns are intimately linked with technical arguments both for and against basic income. I will briefly outline the dimensions of this normative-technical nexus before considering two distinct positions on unconditional basic income.

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7 Calculations based on CANSIM tables 380 0080 Revenue, expenditure and budgetary balance and 051-004 Components of population growth, Canada, provinces and territories.
The normative-technical nexus

Aside from questions of feasibility, the technical debate surrounding basic income has fixated on the question of whether income assistance lends itself to moral hazard and free rider problems. For the sake of space, I will focus on the latter.8

In most of the economics literature, normative conclusions have followed from the assumption that individuals are self-serving (Miller 1999). This is despite the fact that groups are recognized as being able to come to agreement upon moral truths. From this vantage point, individuals are understood to be capable of recognizing norms, but they cannot be counted on to adhere to them when left to their own devices. Hence the supposition:

Individuals ought not to free ride because free riding shifts costs from culpable parties onto others. This is both unfair and inefficient.

But,

If we allow people to free ride, they will exploit the opportunity.

Ergo,

Free riding will be pervasive under unconditional income schemes.

Thus,

Unconditional schemes are both unfair and inefficient.

If we accept this (perfectly plausible) supposition, we are left with a case for conditionality. As previously argued, however, it is unlikely that income schemes are, or ever will be, sufficiently generous

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8 The implications for moral hazard should be apparent from the discussion of free rider problems. Namely: (1) that moral hazard problems cannot be pervasive in a system in which unconditional transfers are of limited value, and (2) that, for the most part, individuals will acknowledge that reckless behaviour is both morally reprehensible and unmeetive to utility maximization under a basic income scheme.
to generate incentives for pervasive free riding. Insofar as we would like to eliminate the incentive to free ride among those who are tempted, conditionality seems like an awfully costly way of getting people to alter their incentives. For this reason, many who subscribe to the above supposition nevertheless consider the cost of conditionality to outweigh its gains. Yet others maintain that conditionality is integral to any politically acceptable social assistance scheme, regardless of its pathologies (see Miller 1989). Disagreement with respect to what constitutes an appropriate response to the free rider problem suggests that a solution grounded in some sort of logical framework is worth pursuing.

On this point, it is should be stated that conditionality cannot be rescued by the Keynesian paradigm from which it sprang. Indeed, it is arguable that conditionality and its attendant mode of thinking are relics of a defunct theory of unemployment. From a classical Keynesian perspective, unemployment is seen predominantly in frictional and cyclical terms. Consequently, unemployment is treated as an ill that can be alleviated by fiscal policy means. Current theory recognizes that, in addition to frictional unemployment, there exists a certain amount of ‘natural’ unemployment that is structural (Phelps 1968; cf. Jackson 2000). While conditionality can be justified under the pretense that the same five to ten per cent of the population should not remain unemployed indefinitely, familiar arguments regarding the parasitic intentions of the unemployed are eviscerated if we recognize structural unemployment to be a fact of life. It is for this reason that conditional welfare has been criticized for creating dependency relationships that infantilize recipients who, by and large, are the victims of normally functioning markets (Somers & Block 2005). Moreover, as unemployment approaches the ‘natural’ level, job placement programs become less efficient as they reach the point of diminishing returns.

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9 It might be the case that there are plenty of people on welfare, but whether or not they are motivated by a desire to free ride has not been demonstrated. Entertaining the possibility that it could be demonstrated, which I do not think it could, I do not think the findings to this effect would be at all significant. I do not view it as a coincidence that the majority of welfare recipients live in economically depressed areas.
What about other perspectives? Eschewing the premise that actors are materially self-serving, behavioural economics leads us to an alternative argument regarding free riding that justifies a relaxed form of conditionality known as ‘nudging’ (Thaler & Sunstein 2008). Relaxing conditionality is appropriate, so behavioural economists might argue, because the paradox in the earlier example—that actors will behave in ways they recognize as unfair in the absence of enforcement mechanisms—is not sustained in empirical tests of the supposition. Laboratory experiments reveal a great deal of norm adherence in the absence of enforcement mechanisms, as in ‘dictator’ and ‘ultimatum’ games, for example (Wilson 2011). With insights such as these in mind, the last three points from the above example can be restated the following way:

If people are not encouraged to free ride, they will make the right choice for the most part.

Ergo,

Free riding will be limited under unconditional income schemes.

Thus,

Unconditional schemes are efficient.

But are they fair? In my reading, the solution afforded by behavioural economics necessitates a utilitarian perspective the likes of which were critiqued by Rawls (1971) for putting practical goal of maximizing aggregate welfare before justice. If we accept utilitarianism, the behavioural perspective offers a convincing justification for unconditional transfers. However, ambiguity over whether the above solution is just has been troubling for political theorists and moral philosophers, the majority of whom do not subscribe to utilitarianism.

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10 The idea of nudging has affinities with institutional economics, the latter of which considers institutions to be preference ordering insofar as institutions constrain opportunities for socially undesirable behaviour (North 1990).
Evidently, rejecting conditionality on technical grounds is but one step in the process of arriving at a coherent justification for basic income. While there is now fairly wide agreement that conditionality is a burden of which society ought to cleanse itself, questions remain concerning how the normative objections to the free rider problem may be resolved in the absence of conditionality. The next section considers two leading positions on the issue.

Two perspectives on unconditional basic income

Much of the literature on basic income has followed from Rawls’ *Theory of Justice* (1971). In spite of a common liberal foundation, the two main threads in the normative discourse — moral incentives and real freedom for all — diverge markedly with respect to both their moral orientation and policy prescriptions. At the risk of oversimplifying, we may say that the moral incentives position follows from an egalitarian interpretation of Rawlsian liberalism, whereas real freedom for all follows from a libertarian interpretation.

The moral incentives position

The moral incentives position was first developed in Carens’s *Equality, Moral Incentives and the Market* (1981). Extending Rawls’ concept of natural duties, Carens offers a revised conception of duty whereby citizens freely accept a social duty to earn as much before tax income as possible so that it may be available for redistribution (Carens 1986: 32; Rawls 1971: 293). Actors’ motivations are said to derive from a moral commitment to egalitarian principles which, like many wants, are considered to be instilled over the course of a life-long process of socialization (Carens 1981: 98-100). Against the critique that the

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position is too ‘maximalist’ to preserve individual freedom, Carens concedes that ‘one is obliged to choose among the uses that contribute more rather than less, although one is not obliged to choose that use which contributes the most’ (Carens 1986: 35).

Bringing the moral incentives position to the basic income debate, White (2000) rejects complete unconditionality in favour of a ‘participation income’ (cf. Atkinson 1996). Under this scheme, receiving basic income is conditional on ‘productive participation in the community,’ broadly defined. White (2000: 531) argues that there is nothing intrinsically objectionable about what he calls ‘welfare contractualism’ so long as it is implemented in such a way so as to give the recipient choice over what qualifies as productive participation. Expanding the menu of what constitutes participation beyond what unfilled positions may exist in the paid labour market bolsters the moral incentives argument substantially. Indeed, it turns the expected direction exploitation on its head. The concern is no longer exploitation of the unemployed, but rather the exploitation of productive members of society by the unemployed, the latter of whom would have little justification for refusing to contribute.

White does not delve into what is to be done with free riders. For his part, Carens is intentionally ambivalent, conceding that ‘justice should not presuppose human perfection... [i]t matters to my argument that the egalitarian ethos can perform its function as a social mechanism adequately even if some people do not live up to its requirements’ (Carens 2014: 53). In other words, while he acknowledges that the instillation of the ethos necessary for a functioning egalitarian society would require somewhat more intense socialization than is the norm in contemporary society, Carens does not go so far as to advocate for conditionality, formal or otherwise. To do so would trade away his liberal orientation only to quash what little deviance might remain in his egalitarian society (Carens 1981: 129-133). Carens thus avoids advocating for informal but nevertheless coercive social codes of conduct. As many have pointed out,
however, there is a definite air of conditionality surrounding the moral incentives position (Birnbaum 2011; Titelbaum 2008).

Given its emphasis on informal norms, the moral incentives position shares affinities with the ‘nudge’ perspective touched upon earlier. While neither school advocates nudges or norms so intense that they approach the legal definition of harassment, let us briefly consider whether informal institutions could ever be considered coercive. Schumpeter long ago recognized the potential power of moral incentives. With reference to work attitudes in early Bolshevik Russia, Schumpeter observed ‘inasmuch as the workman’s unhealthy attitude to his work is due to the influences to which he is exposed, it is essential to notice the tremendous difference it makes if sense of duty and pride in performance are incessantly being talked into him instead of being incessantly talked out of him’ (Schumpeter 1942: 217). The takeaway is that, on one hand, more is possible when industrial relations are not embedded in a culture of adversarialism; yet, on the other, Schumpeter’s example is intended to illustrate the potential for moral incentives to serve as instruments of coercion.

While some may doubt the potential for moral incentives to coerce free individuals in liberal societies, it is not insignificant that fifteen per cent of individuals surveyed in OECD-affiliated democracies report moderate to extreme social pressure as the primary reason they volunteer. Given this, I do not think it is absurd to suggest that frameworks which rely on informal or ‘soft’ conditionality could be coercive. On this issue, Carens is clear that the socialization process in an egalitarian society, intense as it may be, should depend neither on bureaucratic centralization nor universal acceptance, but rather the widespread, largely unconscious, internalization of moral incentives (1981: 119-120, 123).

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12 Calculated based on World Values Survey (WVS) data aggregated from waves 1-4 (1981-2001). The estimate includes only positive responses to ‘did not want to but could not refuse’ (this figure is thirty-three per cent if the neutral response is included). The sample includes respondents from the US, Canada, Brazil, Italy, Austria, Germany, the Netherlands, Portugal, Spain, Great Britain (N= 4976). Reports of socially coerced volunteer work are highest in Brazil (63%) compared to the minimum (6%) in the Netherlands.
Real freedom for all

Unlike the moral incentives perspective, real freedom for all tends to avoid notions of duty. How, then, can both positions be Rawlsian? Aside from acknowledging that both perspectives are in many ways revisionist (that is, ‘post-Rawlsian’), it is pertinent to recognize that Rawls was inconsistent with respect to the scope and breadth of his theory of justice. As acknowledged by Rawls in Political Liberalism (1993), treating ‘justice as fairness’ as a comprehensive moral doctrine in Theory of Justice ran afoul of his liberal commitments. Thus, in contrast to Theory of Justice, wherein justice as fairness was presented as the basis of a well-ordered society, Political Liberalism recast justice as fairness as a purely political conception of justice by advancing the idea of ‘overlapping consensus’ (Rawls 1993: xvii). Some may argue that Rawls consequently came to relax some of his earlier ideas regarding natural duties from which, it may be recalled, the moral incentives position initially sprang.

The point of disagreement between moral incentives and real freedom for all hinges on what proponents of each perspective consider to be necessary conditions for the exercise of liberty. From the moral incentives position, income equality is necessary for individuals in a just society to have a fair opportunity to pursue their conceptions of the good life. This entails a highly productive society committed to substantial redistribution and guaranteed income (Carens 2014: 54). From the real freedom perspective, a commitment to personal liberty requires that individuals be free to pursue their conception of the good, whether it involves commitment to economic production or not (Van Parijs 1991). As mentioned, Rawls straddles both positions (see, for example, Rawls 2001: 153-157).

The two perspectives diverge on both technical and normative grounds. In some sense, the first area of disagreement leads to the second. As we have seen, advocates of moral incentives argue from an

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13 Van Parijs (1995: 56 fn. 49) qualifies this tendency: ‘There is a key difference between dispositions and even duties on the one hand, and institutional obligations on the other. And it is therefore conceivable that a real-libertarian case could be made for some type of regime because of the ethos it tends to generate.’
egalitarian perspective that emphasizes production (Carens 1981; Cohen 2008). Contributing to the total output of society is a burden that all have a duty to share so that all may enjoy the benefits (Carens 1986: 31-32). By contrast, recall that proponents of real freedom for all advance a sophisticated argument regarding the scarcity of desirable occupations and excess employment rents, the former of which are considered to be societal assets to which all have equal claim. From this standpoint, the unemployed perform a social function by making work available to those who wish to maximize, not their own productive potential per se, but the productive potential of employment as an economic asset (Van Parijs 1995: 121-124).

The hitherto unresolved issue between these schools of thought revolves around duties to be socially-oriented —although not necessarily socially-engaged— with regard to community maintenance, stewardship and care (Weeks 2011). While the issue will no doubt continue to occupy the minds of normative theorists and political philosophers, it is largely moot. Advocates of moral incentives posit that there will be few misers in an egalitarian society owing to the power of socialization (Carens 2014: 53). Conversely, proponents of moral incentives believe that in the context of ‘real freedom,’ individuals will for the most part fulfill what some might otherwise call ‘duties’ organically (Van Parijs 2004: 16-17).

**Summary**

In light of the fact that those in favour of fostering moral incentives stop short of advocating bullying and harassment, we may say that the prescriptive strength of the moral incentives is weakened by a commitment to liberalism (Birnbaum 2011). I think this is a good thing, but it means that the moral incentives argument is by and large utopian. Even if the participation component of ‘participation income’ advocated by Atkinson (1996) and White (2000) could be monitored in any meaningful fashion (which it almost certainly could not), the moral incentives position lacks means of enforcing informal conditionality...
by definition.\textsuperscript{14} While it is possible to conceive of soft conditionality with hard consequences, this is not the route taken by proponents of moral incentives, and with good reason. However, as acknowledged by Carens (2014), we should expect that miserly attitudes are prevalent in society. Estimates to this effect will assist in discerning whether stronger norms of reciprocity are truly necessary for basic income policies to succeed. Contrary to those who assume that individualism becomes more pronounced as income increases (Cohen 2008; McTernan 2013), the following analysis suggests that other-regardingness is positively correlated with increased financial security. In other words, lack of financial security may beget the individualistic tendencies egalitarians find so troubling (Bryerton 2016).

\textbf{Evaluation}

Is a stronger ethos of reciprocation necessary? Is it desirable? Determining whether there is room for improvement with respect to individuals’ sense of social duty requires that we first establish current levels of other-regardingness.

Survey responses collected between 1981 and 2001 by the World Values Survey (WVS) allow us to glean the complexion of existing norms toward duty and reciprocation. With the data aggregated worldwide over four waves, we find eighty-five percent of respondents indicate that service to others is important, with forty-four per cent responding that service to others is very important. While eighty-three per cent of respondents do not volunteer in their spare time, this should not be surprising assuming that the majority of respondents are employed full-time. Among those who do volunteer, fifty-four per cent

\textsuperscript{14} Moral conditionality alone is, after all, by definition unenforceable.
claim to do so regardless of any social pressure, whereas seventeen per cent cite social pressure as the determining factor. Sixty-five per cent cite a sense of duty to contribute as the impetus for volunteering, while eighteen per cent claim that duty is irrelevant to the decision to volunteer (the remaining seventeen per cent report neutrality).

With respect to work, sixty-nine per cent of WVS respondents agree that work is a social duty, while the remaining thirty-one per cent is divided evenly between those who disagree and those who report neutrality. However, when the question is phrased ‘people should not have to work if they don’t want to,’ only fifty-one per cent of respondents disagree, with thirty-two per cent in agreement and seventeen per cent neutral. Interestingly, attitudes about work are more or less evenly dispersed across the income spectrum. In other words, income appears to have no bearing on whether one subscribes to the moral incentives or real freedom argument insofar as duty to work is concerned. We cannot assign either perspective as the province of any specific socioeconomic group.

What explains these divisions? Against the claim that income is somehow associated with attitudes toward duty and work, with higher earners being both more individualistic and warier of the free rider problem than lower earners, the scholarship on post-materialist values argues that other-regarding behaviour is a consequence of income security (Inglehart 1997; cf. Cohen 2008; McTernan 2013). The data more closely reflects the latter view. As indicated by the boxplots below, high income earners are both more likely to volunteer than are lower income earners, and are more likely to do so in the absence of any social pressure or internalized duty to contribute.
These data reveal that there is an effective existing sense of social duty among much of the population, but that there is also voluntarism in the absence of a sense of duty, both of which are positively associated with income. Interestingly, the higher one’s income, the less deterministic duty seems to be with respect to benevolent acts. This suggests that individuals may move from the moral incentives to the real freedom frame of mind as they become more financially secure. In the very least, the implication is that income security is positively associated with altruism. The following analysis tests the robustness of this hypothesis.
Analysis

How strong is the association between income security and altruism under current norms? We can test the strength of the association using either ordered logit regression or multinomial logit regression, the model forms of which are:

\[ Pr(y = k) = \Lambda(\tau_k - \beta x_i) - \Lambda(\tau_{k-1} - \beta x_i) \]

and

\[ Pr(y = k) = \frac{e^{x_i'\beta_k}}{\sum_{j=1}^{k} e^{x_i'\beta_j}} \]

respectively.

In plain terms, \( Pr(y = k) \) is the probability of observing altruism at a given level of income. For the sake of undertaking the most nuanced (and most difficult) test possible, and given the structure of the data, the dependent variable is coded on an ordinal scale ranging from 1 to 4. These scores correspond to responses to a question about service to others, with a score of 1 corresponding to the answer ‘not at all important,’ a score of 2 with ‘not very important,’ a score of 3 with ‘rather important,’ and a score of 4 with ‘very important.’

Goodness of fit measures confirm that either model form is appropriate for the data.\(^{15}\) However, a test of the parallel regressions assumption that underlies ordered logit shows that it is violated. This means that, despite the fact our outcome of interest has characteristics of an ordinal variable, the multinomial logit model is preferred. With this in mind, ordered logit may nevertheless be useful for gleaning an initial interpretation of the estimated coefficients. There are two justifications for this. The first is that, in this particular case, owing to the ordinal nature of the dependent variable, the violation of the parallel

\(^{15}\) Likelihood ratio tests for both models return a value of zero. Pseudo R\(^2\) values are 0.342 and 0.343 for the ordered and multinomial logit models, respectively.
regressions assumption may be substantively trivial, in which case the relative efficiency of ordered logit compared to multinomial logit may lead to important insights. The second justification is that interpreting estimated coefficients is challenging with multinomial logit since the model includes several independent response categories with parametrization based on an arbitrary baseline. The first justification—that the difference between the two models is trivial—is supported by the output for multinomial logit, an interpretation of which I will turn to shortly.

Table 1: Ordered logit estimated coefficients: effects on altruism

| Coefficients: | Estimate | Standard Error | Z-value | Pr(>|z|) |
|---------------|----------|----------------|---------|----------|
| Income (log)  | 0.266    | 0.020          | 13.002  | <2e-16***|
| Sex (female)  | 0.045    | 0.062          | 0.728   | 0.467    |
| Age           | 0.002    | 0.002          | 1.059   | 0.290    |
| Education     | 0.029    | 0.043          | 0.674   | 0.500    |

Using ordered logit, and controlling for age, sex and education, we find that income is positively correlated with altruistic attitudes and is statistically significant at a $p$-value of less than 0.0001. None of the control variables return statistically significant coefficients, which are quite weak in any case.

16 The output for the multinomial logit regression confirms that the results in Table 1 are robust (i.e., the findings hold despite manipulation of the model’s specification). Using the response ‘Don’t know’ as a reference level, the multinomial logit model differs from the ordered logit model returning the following significant coefficients: Not Very Important:log(income) 1.838*** Rather Important:log(income) 2.642*** Very Important:log(income) 3.484*** Not At All Important:age -0.008* Not Very Important:age -0.006* Very Important:age -0.007** Not At All Important:sexmale 0.215* Not Very Important:sexmale 0.339*** Rather Important:sexmale 0.228* Not At All Important:educ 0.156* Not Very Important:educ 0.267*** Rather Important:educ 0.251***. Although many control coefficients are significant using the multinomial logit, they are small compared to the effect of the income variable. Note that Not At All Important:log(income) has a negative coefficient but it is not statistically significant.
Notice that the output is given as if the dependent variable is scalar. This is the ordinal variable assumption of ordered logit. For a more thorough interpretation, we seek a means of measuring the effect of income on each response category of the dependent variable. The standard method is to use out-of-sample predicted probabilities, which allows us to visualize the effect of income on altruistic attitudes. This is where the violation of the parallel regressions assumption would most bias the estimates. Consequently, this is the method of interpretation for multinomial logit regression.

Figure 2 is computed using multinomial logit. The predicted probability of receiving a negative response to the question of whether service to others is important diminishes as income increases. Inversely, the likelihood of receiving a positive response to this question increases with income. In other words, financial security coincides with altruistic attitudes and, presumably, altruistic behaviour.

**Figure 2: Multinomial logit: predicted probabilities of income effects on altruism**
Notice that the sentiment that service to others is ‘rather important’ is common across the socioeconomic spectrum. This may be an indication of the general decency of respondents. Yet the probability of receiving this response, too, increases with income up to the point at which the model predicts respondents switch to the ‘very important’ score. The remaining data suggest that individuals prone to free riding would become more altruistic—that is, more amenable to voluntarism and other forms of social participation—if they were to gain financial security. Of particular note is the steep decline on the ‘not at all important’ score as income increases. The finding that this response is most prevalent among participants in the lower third of the income distribution complements recent research that finds individualistic attitudes to be especially common among low income groups (Bryerton 2016).

Returning to the previous discussion regarding the budgetary feasibility of basic income, we may ask how much income is required to instantiate the desired normative effect. In other words, what is the income threshold beyond which we no longer need worry about defection? Is this level of basic income attainable? Considering the earlier example of a $1,574 per month subsidy, the model predicts that twenty-one per cent of those living on basic income alone would be primarily self-interested. As shown in Figure 3, the model predicts that six per cent of respondents earning only the guaranteed amount would view service to others as ‘not at all important,’ fifteen per cent ‘not very important,’ forty-four per cent ‘rather important,’ and thirty-five per cent ‘very important.’ That is to say, the model predicts that the majority of basic income recipients would be other-regarding in orientation. In a society in which the only source of income was a $1,574 per month stipend, we would expect seventy-nine per cent of individuals to exhibit altruism.\(^{17}\)

\(^{17}\) Bear in mind, the example is in 2009 CAD. In 2016 CAD, the figure is $1,773.
Of course, the amount attainable in Figure 3 is an estimate (and a fairly generous one at that). Ultimately, it is up to society to decide how much it is willing to invest in basic income. In any event, the idea that society would be burdened by rampant free riding upon the implementation of guaranteed income is inconsistent with the values reported by survey respondents. This is especially true for respondents with a level of income close to (or beyond) what might be guaranteeable in affluent countries.

Skeptics may question whether a measure of altruistic sentiment is a satisfactory predictor of altruistic behaviour. Is it not better to measure action? A measure of sentiment is appropriate given that we are imagining a world in which there is no work requirement (i.e., a world in which people have the option of more spare time). Currently, many who do not volunteer in their spare time fulfill a contributory role by participating in the paid labour force. Under a system of guaranteed income, individuals would have a choice with respect to how they choose to fulfill this role, if they choose to fulfill it at all. My
position, in light of the data, is that people would by and large fulfill contributory roles upon the implementation of basic income, whether through voluntarism or paid employment.

Nevertheless, against the charge that ‘talk is cheap,’ recall the suggestion made earlier that income security is positively associated with acts of voluntarism (see Figure 1). We may test the significance of this association using binomial logit regression, the form of which is:

\[ Pr(Y = y) = \Lambda(\alpha + \beta x)^y [1 - \Lambda(\alpha + \beta x)]^{(1-y)} \]

where \( Pr(Y = y) \) is the probability of a positive response to the question of whether the respondent volunteers. Goodness of fit measures confirm that the model is appropriate for the data.\(^{18}\) However, the education variable returns \( NA \) values due to lack of variation in the sample.

**Table 2: Binomial logit estimated coefficients: effects on voluntarism**

| Coefficients: | Estimate | Standard Error | Z-value | \( Pr(>|z|) \) |
|---------------|----------|----------------|---------|----------------|
| Income (log)  | 0.457    | 0.045          | 10.049  | <2e-16***      |
| Sex (female)  | 0.205    | 0.064          | 3.20    | 0.0014**       |
| Age           | 0.081    | 0.002          | 3.52    | 0.0004***      |
| Education     | NA       | NA             | NA      | NA             |

\( N= 34,344 \)

Consistent with the output for the model measuring effects on altruism, the effect of income on voluntarism is both strong and highly significant. In fact, the association between income and voluntarism is even stronger than the association between income and altruism. Beyond this, age and sex are significant

\(^{18}\)That is, the likelihood ratio test returns a value of zero.
predictors of voluntarism, with women being more likely to volunteer than men. Consonant with the previous model, income is the best predictor of other-regardingness.

In sum, this analysis has suggested that the main source of unease toward basic income — the free rider problem — may in fact be solved by its institutionalization. This somewhat paradoxical finding complements research demonstrating that financial security begets post-materialist values (i.e., other-regarding attitudes and behaviour). Crucially, the argument is not that individuals become less productive as they gain financial security (Inglehart 1997: 327-329). The discovery of such a tendency would reinforce the free rider argument since the productive capacity of society would diminish with increased redistribution, perhaps to the point where the arrangement would become unsustainable. Notwithstanding recent speculation on the emergence of the ‘threshold earner’ (Cowen 2011), verified transformations in terms individual values have only to do with the goods on which individuals prefer to spend their resources with respect to both time and money. As demonstrated in the tables and figures above, far from being idle, financially secure individuals are highly disposed to voluntarism while being just as likely as anyone else to view work as a social duty.

Overall, the analysis suggests that stronger norms of reciprocation are unnecessary to foster altruistic behaviour. This is especially evident if one considers the fact that income security is positively associated with voluntarism that is undertaken without regard to social pressure or a sense of duty. Simply stated, so long as we adopt a broad definition of work that includes volunteer labour, existing moral incentives are sufficient to prevent free riding from becoming a significant problem.

But are stronger norms desirable? My tentative answer is no. To put the previous statement another way, the data indicate that strong norms would be largely ineffective since individuals with income security appear to behave altruistically absent considerations of social pressure or duty. Moreover, the instillation of stronger norms would likely aggravate the existing equilibrium of attitudes regarding work
and voluntarism, evoking hostility and resentment from both low and high income earners. As was previously shown, society is divided on the question of whether work is a social obligation. Given that much of the population appears to subscribe to real freedom for all, existing social norms toward work and voluntarism would likely suffice to sustain the economic system in the absence of ‘soft conditionality,’ the introduction of which could lead to more harm than good.

Conclusion

This paper has explored the dimensions of the debate surrounding unconditional basic income. Having argued that the provision of basic income is viable in most industrialized countries, and having analyzed two specific arguments on what institutions ought to govern the basic income project, I have concluded that existing conditions are conducive to the fruitful implementation of unconditional basic income under the ‘real freedom for all’ framework. Remaining obstacles involve persuading the public of its feasibility and the benefits to be derived from unconditional basic income. The time is nigh for basic income to receive a serious hearing.

While data suggest that unconditional basic income under current norms of reciprocation is feasible, I make no claim as to the finality of these findings. Only further research and, more importantly, experience with the implementation of basic income will tell us whether these provisional findings hold in the real world. It is nonetheless my contention that the barriers to instituting basic income have been overblown in both the public and academic discourse, including that which is sympathetic to the basic income project.
Bergmann, B. (2004). A Swedish-style welfare state or basic income: Which should have priority? Politics & Society, 32(1), 107–118.


