
UNIVERSAL BASIC INCOME:

Reciprocity and the Right to Non-Exclusion

Jurgen de Wispelaere

Fund for Scientific Research (FWO) - Flanders
London School of Economics, Department of Government

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About the author

Jurgen De Wispelaere graduated in Occupational Theory in 1992 from the School for Paramedical Studies, Ghent (Belgium). He worked for several years as an occupational therapist and social worker in institutions for the elderly and the mentally handicapped. In 1996 he obtained a Masters in Ethics from the University of Ghent. He is currently writing his PhD at the London School of Economics and Political Science, on "The Political Theory of the Modern Labour Market". He is also a research assistant at the Belgian Fund for Scientific Research - Flanders (FWO) and a founding member of the London Political Theory Group.

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Abstract

In the ongoing debate on welfare state reform, a marginal but notable position is advanced by a number of theorists. Their proposed solution to current problems is the introduction of a universal basic income scheme. A basic income is a grant to which all individuals/citizens are entitled, irrespective of family situation, income, without past, present or future work requirement. Basic income is heavily criticised for a number of reasons. One is that it frustrates the norm of reciprocity. According to this critique, basic income's focus on unconditional grants makes it possible for people to relinquish their basic social obligations and free-ride on the productive efforts of fellow citizens. This paper first critically assesses the reciprocity objection against basic income and finds it wanting. Second, the paper argues that it is possible to integrate basic income in a reciprocity-sensitive framework. In order to achieve this I argue that we must radically rethink the idea of property rights within employment, which underlie the views of both the proponents and adversaries of basic income.

Universal Basic Income

Reciprocity and the Right to Non-Exclusion

1. Introduction: The Case for a Universal Basic Income

This paper hinges upon the fierce debate between proponents of a universal basic income (henceforth BI) and their principal opponents, who advance an exploitation or, more recently, a so-called reciprocity objection against BI. In its purest form, a BI is 'an income unconditionally paid to all on an individual basis, without a means test or work requirement.'¹ As I will show below, the focus of extensive criticism has been precisely the unconditionality of BI. Not surprisingly, the principal discussion between proponents of "pure" versus "impure" BI revolves around the question of whether there should be anything like a participation (or reciprocity) requirement. For the purposes of this essay, I maintain that any tinkering with these conditions, particularly with the unconditionality of the pure version, turns BI into something which may be very interesting compared to alternative proposals for welfare reform, but is nonetheless distinct from a "real" BI. In other words, every reference to BI in this essay is to the pure version.

One way to justify BI is by making explicit reference to people's general entitlements to external resources and their right to be compensated if these entitlements are somehow infringed². The general idea behind the "entitlement theory of BI" is that under certain circumstances a person's entitlement may be legitimately infringed provided s/he is adequately compensated for it.³ BI then constitutes the compensation for being denied one's entitlements to a variety

Philippe Van Parijs, 'Competing Justifications for Basic Income', in Van Parijs (ed.), *Arguing for Basic Income* (London/New York: Verso, 1992), p. 3.

¹For a good sample of different arguments in favour of BI, see Tony Walter, *Basic Income-. Freedom from Poverty, Freedom to Work* (London: Marion Boyars, 1989).

²On actions being permissible, but only with compensation, see Robert Goodin, 'Theories of Compensation', in Frey & Morris, *Responsibility and Liability* (Cambridge: CUP, 1991). This position diverges considerably from the one adhered to by Van Parijs, who argues that BI cannot be justified by reference to compensation for loss of opportunity ('Why Surfers Should Be Fed: The Liberal Case for an Unconditional Basic Income', *Philosophy & Public Affairs*, 20 (1991), pp. 101-131, p. 120). However, I think it is defensible to analyse BI within a framework of "compensatory justice" if we take BI to constitute a compensation for lost entitlements to resources, rather than lost opportunities as such.

of external resources, including jobs.¹ It is central to this argument that compensation ought to be guaranteed without demanding any additional work or, for that matter, without exacting even the slightest hint of unwillingness to work.

2. Parasitism and the Reciprocity Objection against Basic Income

Many people in contemporary society hold the strong view that receiving an income without having to work - without even having to demonstrate a willingness to work - amounts to exploitation, parasitism, anti-social behaviour, and soon. More than a decade ago, Jon Elster vigorously labelled this position 'a recipe for the exploitation of the industrious by the lazy.'² Recently, a second generation of the exploitation objection against BI has established itself forcefully. The driving force behind this revival was a well-known article by Stuart White, who tackled BI head-on by claiming that it frustrates the widely held norm of reciprocity. The reciprocity principle, he argues, holds that 'those who willingly enjoy the benefits of social co-operation have a corresponding obligation to make a productive contribution, if they are able, to the co-operative community which provides these benefits.'³ According to White, a co-operative community generally operates following the moral idea that everyone should "do his bit". Failure to reciprocate constitutes a serious violation of the contributing citizen's rights: because people living off their BI do not contribute in any morally relevant sense - i.e. they just "take" without "giving" - BI parasites are said to exhibit such repellent non co-operative behaviour, and a BI state is said to unjustly endorse and institutionalise it.

At this stage a major qualification is in order: the general reciprocity objection can be interpreted in a number of ways, not all of them compatible with the broadly liberal-egalitarian framework most adversaries (and advocates) of BI subscribe to. *Egalitarian* reciprocity theorists generally acknowledge many instances in which people are exempted for a variety of reasons from reciprocating (the full value of) the benefits they previously enjoyed. The exemplary case is of course the severely handicapped person who has lost her or his productive

ability due to no personal fault.⁷ Likewise, the bulk of egalitarian reciprocity theorists appreciate the fundamental importance of equal opportunities as a background requirement for the principle of reciprocity to operate within the framework of a more overall just society."

Two implications seem to follow. First, I think egalitarian reciprocity theorists like White cannot but refute the simple equivalent-exchange model of reciprocity, which seems to underlie much of the Rational Choice or game-theoretic treatments of the reciprocity principle. Second, the principled acknowledgement of legitimate exemption and the role of equal opportunity allow us to recast the debate between BI and reciprocity theorists in terms of the *relative priority of competing moral principles*. As will be shown in the next section, the core problem seems to be how to determine the relative weight of considerations of fair opportunity vis-a-vis actual effort in producing goods.⁹

These qualifications notwithstanding, the bottom line seems to be that egalitarian reciprocity theorists attach great importance to the principle of *fair* compensation, but explicitly reject the idea of *unconditional* compensation. In order to see why this is so we must appreciate that, at a deeper level of analysis, there is another moral idea at play. I think that the reciprocity objection mainly targets BI for giving people a *free choice* to fail their obligation to contribute - hence providing some people directly or indirectly with a choice to exploit their fellow citizens. Stuart White, for instance, asserts that 'payment of a substantial unconditional basic income ... will lead to the exploitation of productive, tax-paying citizens by those who, while capable of working, instead *choose* to live off their BI.'¹⁰ Reciprocity theorists principally object to an individual deliberately *choosing not to work*, a choice that results in a violation of the entitlements of those who actually do perform work or any other form of social contribution.¹¹ In accordance with some of the key propositions of the liberal-egalitarian framework, reciprocity theorists agree that people cannot be held responsible for unequal opportunity sets. At the same time they insist that a person *must be*

⁷To accommodate for this, Stuart White fosters the idea of *baseline reciprocity*, according to which 'in return for [a] decent minimum of income each citizen has a corresponding obligation to perform a decent minimum of contributive activity, the size of this minimum varying with degree of productive handicap' ('Liberal Equality', pp. 318-319 - italics added).

⁸See e.g. Amy Gutmann & Dennis Thompson, *Democracy and Disagreement* (Cambridge, Mass.: Harvard University Press, 1996), ch. 8.

⁹See Robert Van der Veer, 'Real Freedom versus Reciprocity', *Political Studies*, 46 (1998), pp. 140-163.

¹⁰White, 'Liberal Equality', p. 312 (italics added).

¹¹In addition, one could argue that it is choice equally - albeit indirectly - violates the rights of a person who is legitimately exempted from contribution because it *de facto* renders her or his legitimate exemption useless.

¹On the idea that jobs should be regarded as a type of external resource, see Van Parijs, *Real Freedom for All* (Oxford: Clarendon Press, 1995), ch. 4. See also section 6 of this paper.

²Elster, 'Comment on Vanderveen and Van Parijs', *Theory and Society*, 15 (1987), pp. 709-721, p. 719

³Stuart White, 'Liberal Equality, Exploitation, and the Case for an Unconditional Basic Income', *Political Studies*, 45 (1997), pp. 312-326, p. 317.

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held responsible for her or his unwillingness to contribute, and fiercely resist the institutionalisation of BI on the grounds that this would blur the moral significance of this distinction.¹²

However, to make the core of the reciprocity objection valid, reciprocity theorists themselves need to be able to make that crucial distinction between, on the one hand, opportunity to contribute and, on the other hand, *willingness* to contribute. In the next couple of sections, I argue that reciprocity theorists cannot deliver on that promise. I will challenge reciprocity theory for being theoretically inconsistent with its principled adherence to the idea of fair compensation, while simultaneously dismissing the reciprocity objection on practical grounds - i.e. because it cannot adequately distinguish between the moral ideas that lie at its very core, namely "opportunities" and "free choices." In the closing sections, I argue that a radical reconstruction of the proprietary rights (or entitlements) in jobs may provide a reciprocity-sensitive framework that brings advocates and opponents of BI theory closer together. In my view, the apparent moral stalemate between BI theorists like Philippe Van Parijs and reciprocity theorists like Stuart White is at least partly due to a flawed view of what constitutes the best interpretation of equal job rights.

3. Equal Opportunity Regimes: Balancing Job Rights and Effort

Before turning to a critical assessment of the reciprocity objection, I want to briefly outline the common ground between both sides of the debate. I intend to show that, while there is a *prima facie* case for converging opinions, the difficulty of balancing two competing moral principles actually drives them in opposing directions. In order to set the common stage, I focus on the question of whether there is a case for people receive unconditional compensation for being somehow deprived of their basic entitlements in the labour market. The concept of unconditional *compensation* simply states that legitimate compensation is not dependent upon any work requirement, and can be regarded as a precondition for the moral justification of a full-fledged basic income (taken as the universal allocation of unconditional grants). The reason for concentrating on this weaker notion is that it forcefully brings out the characteristics of BI that reciprocity theorists object to. Unlike a universal basic income, the concept of unconditional compensation is not vulnerable to the same extent to criticisms arising from its institutional features.¹³ In

what follows I will conduct a thought experiment in an attempt to derive analytically the conditions which result in what may be termed a *fair distribution principle*.

Imagine a society in which two people with equal productive capacities, Alf and Betty, have to divide the amount of work available in the only existing factory. (In what follows, I will denote the amount of work to be distributed as "job shares"). Assume furthermore that, since Alf and Betty mainly work to produce and subsequently consume the goods they need to lead a fulfilling life, both have an "independent interest" in working. The precise amount of work either of them is interested in doing depends on their respective preference for consumption over leisure.¹⁴

To begin with, assume that Alf and Betty live in an *equal opportunity regime*, roughly defined as a regime in which the work that needs to be done in the factory is shared equally. Formally, an equal opportunity regime is established when the following general conditions are met:

- (1) *Job Allocation*: the total number of job shares/ is equally divided among all individuals N . Every individual i holds a number of job shares j_i , equal to that of any other individual. j_i and N are exogenously determined.
- (2) *Effort Expended*: the amount of effort an individual expends is determined by p_i , where p_i represents a set of independent factors delineating i 's preference for consumption over leisure. The maximum level of c_i is constrained by the number of job shares j_i that i holds.¹⁵
- (3) *Benefit Distribution*-, the total amount of benefits B society generates is distributed according to effort expended. The share of benefits b_i individual i is entitled to is fully determined by the level of effort expended.

By stipulation the first condition is fundamental to establishing equal opportunity. The second condition claims that people *may* have different preferences for effort, and that the number of job shares s/he holds limits the amount of effort that any individual can possibly expend. Finally, the third condition specifies a distribution principle which says that entitlements to benefits produced ought to reflect effort expended.

The justification for this is that the only factor determining a person's effort level is her or his free choice and, given the equalisation of basic opportunities, we

¹³In my opinion, BI is primarily dependent on a *pragmatic legitimisation*, whereas generating the pool of resources needed to distribute in an unconditional fashion is subject to *moral justification*. On the pragmatic justification of BI, see Brian Barry, 'Real Freedom and Basic Income', *Journal of Political Philosophy*, 4 (1996), pp. 242-276.

¹⁴The amount of work Alf and Betty are interested in performing also depends on the level of production. But this is assumed to be an exogenous factor and as such irrelevant to the main argument of this paper.

¹⁵In this simple story effort is assumed identical to working time.

should take those into account in the overall distribution of benefits.¹⁶ Maki DC, lx'in'l il', proportional to effort expended is justified because it is in accordance wil h 11 u • 11 n n, il imperative of *ambition-sensitivity*-, that is, holding individuals morally and Hlr< lively responsible for actions voluntarily undertaken. In short, the amount ol lxMiHit¹, l<> which one is entitled depends on one's personal choice to expend a certain , INK u n il of effort. At the same time everybody faces a ceiling constraint, which limits l he 11 >l, il level of expendable effort and the maximum benefit to be gained.

Equal opportunity n'ljii
with fair distribution of benefits

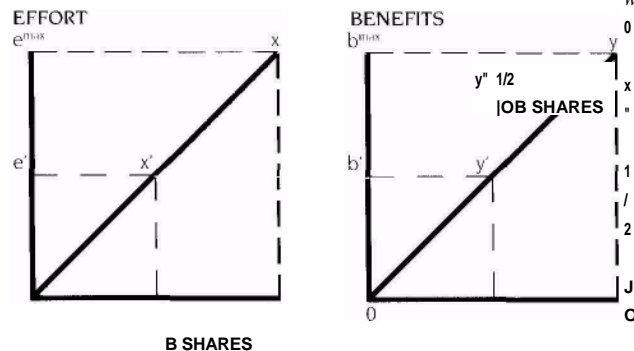


Figure 1 shows two possible fair solutions to the distribution of benefits in a two-person equal opportunity regime. On the left, we see that Alf and Betty start off with equal job shares ($j \ll j b = J/2$), which allows them to boost their effort level to the same high level. If this condition holds, most theorists will concur that any distribution is fair, provided benefits are proportional to effort expended. The graph on the right illustrates this. It shows that the amount of benefits both are entitled to mirrors the effort expended.

To make the point more clearly, take the following two examples. In the first example Alf and Betty expend an equal amount of effort e^{ma} which corresponds to an "entitlement" level of b^{mm} . It is only fair that they should receive an equal share of total benefits (as pictured by rectangle $Ob^{ma}y/2$). In the second example Alf *voluntarily* decides to work only part-time while Betty works the full shift, which implies an unequal distribution of effort due to a decrease in Alf's effort level from e^{ma} to e' . In this case Alf is only entitled to that part of the benefits that is proportional to his effort level e' (his share of benefits correspondingly shrinks to the smaller rectangle $Ob'y'y''$). Although the distribution of benefits differs considerably, the equal

opportunity regime produces fair results because, barring substantial differences in internal endowments from the outset, it can easily be concluded that the variation in Alf's share is fully attributable to his personal choice- to work less.¹⁷

Two important conclusions can be drawn from the previous discussion. First, it is clear that the discussion of the two cases where Alf's variation in effort expended generates a different level of benefit meets with considerable support from both BI and reciprocity theorists. This is because it is compatible with what might roughly be described as the common ground between these two theories - the broad idea of social justice as the 'fair opportunity to earn the rewards of contribution.'¹⁸ Second, the analysis also establishes an ordering of relevant conditions. A particular distribution of benefits is justified given a certain level of effort expended, which in turn is only justified *if and only if* job shares (which determine the higher limit on the maximum amount of effort expendable) are equally distributed. From a moral point of view it is of course of primary interest to see what happens when the fundamental condition of an equal opportunity regime (an equal allocation of job shares) no longer holds. As the next sections will demonstrate, this has major repercussions for the simple convergence of competing moral principles.

4. Unequal Opportunity Regimes: The Determination Problem

As stated previously, the notion of equal opportunity represents an ideal state of affairs. In contemporary society the fundamental condition of equal job allocation does not exist. In an *unequal opportunity regime*, at least one individual has unequal access to the job market in the sense that his or her number of job shares is smaller compared to the number of job shares of at least one other person.¹⁹ Compared to the previous regime, conditions (1) and (3) need to be modified:

"Observe that an equal opportunity regime retains the possibility of an unfair distribution, namely where Alf voluntarily works less but gets the same amount of benefits as Betty. It is exactly this type of unfairness that reciprocity theorists oppose.

"The phrase is borrowed from David Miller, 'Deserving jobs', *Philosophical Quarterly*, 42 (1992), pp. 161-181, p. 173

"Assume, for simplicity, that this is entirely due to circumstances beyond that person's control. It is, for example, no consequence of Alf being constantly drunk at work that he receives only a limited amount of job shares. We should also make a further distinction between instances where somebody has unequal access to a job due to circumstances *beyond anybody's control*, or cases where this is the effect of *the action of a third person* (who may subsequently benefit from this action). I will not pursue this distinction any further in this essay.

¹⁶ I will not embark on the discussion whether unequal preference formation provides a good claim for compensation. This problem is discussed in Richard Arneson, 'Liberalism, Distributive Subjectivism, and Equal Opportunities for Welfare', *Philosophy & Public Affairs*, 19(1990), pp 158-194; see also Ion Elster, *Sour Grapes* (Cambridge: CUR 1983), ch.3.

- (1') **Job Allocation:** the total number of job shares J is divided among all individuals N . Every individual i holds a number of job shares j_i ; here¹ is one pair of individuals, k and l , where $j_k < j_l$. J and N are exogenously determined.
- (2) **Effort Expended:** the amount of effort e_i an individual i expends is determined by p_i , where p_i represents a set of independent factors delineating his preference for consumption over leisure. The *maximum* level of e_i is constrained by the number of job shares j_i that i holds.
- (3') **Benefit Distribution:** the share of benefits b_i individual i is entitled to is initially determined according to a complex distribution principle D_i , consisting of a weighted combination of e_i and a compensation factor c_i , denoting differential opportunity due to the unequal initial allocation of job shares.

In an unequal opportunity regime, the justification for making entitlement to benefits proportional to effort expended does not hold since an individual's effort level is now no longer solely set by personal choice. Consequently, the fair distribution principle becomes more complex, riddled by the intense competition of a number of potentially fair solutions.

To return to our little story, suppose Alf involuntarily works part-time - that is, even if he wants to he is *not* allowed to work more, and his job share remains short of the share he would be entitled to if equal division were upheld. Betty, on the contrary, works a shift that exceeds the equal division boundary. This event is shown in Figure 2a by the figure on the left. Given that the distribution of job shares is exogenously determined, the unequal opportunity regime diverges considerably from an equal opportunity regime in that a fair solution is not necessarily limited to the proportional distribution according to effort expended. Concerning fair distribution, an unequal opportunity regime generates two competing rules. I shall call them the "effort rule" and the "compensation rule."

The *effort rule* embraces the idea, already shown in the context of equal opportunity, that benefits ultimately ought to reflect the level of effort expended. Relying on this rule brings us into a *no compensation environment*. Alf is only entitled to whatever he produces in his job share; conversely, Betty is not obligated to compensate Alf because her effort level entitles her to a higher level of benefit to which she is entitled.²⁰ The no compensation environment is illustrated in

"Observe that the effort rule always entails two dimensions. On the one hand, it says that Alf cannot receive more than whatever he is entitled to, given his level of effort expended. On the other hand, we can interpret it as saying that Betty must receive the full amount of benefits she is entitled to because of her effort expended. If we treat this merely as a pure distribution problem, giving Alf more implies giving Betty less; either way, the result is unjustified.

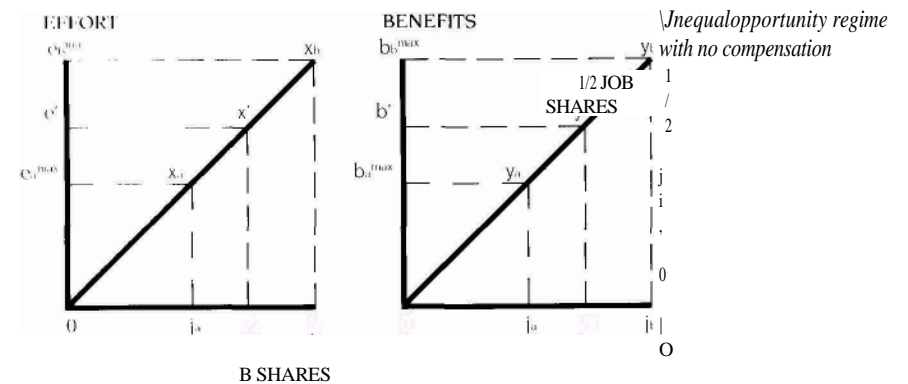


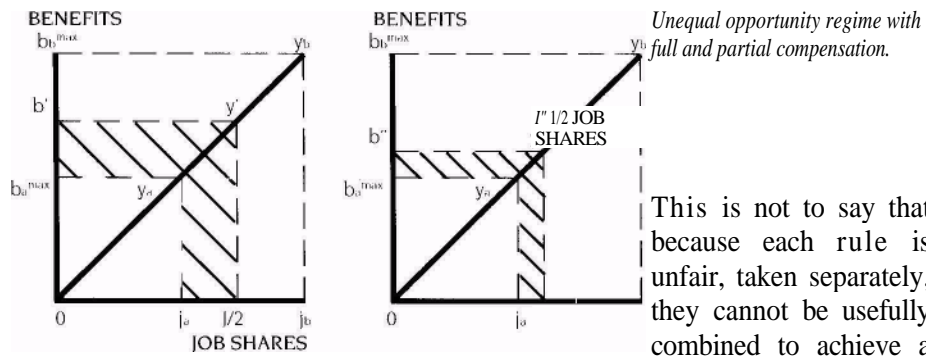
figure 2a: Alf can only maximise his level of benefits up to Oba^Uaj , whereas Betty has the option to increase that level up to Obb^{max} .

A plausible alternative is the *compensation rule*, which suggests that a fair distribution also provides a measure of the loss of entitled resources (job shares). If we apply this principle in its most extreme form, we arrive at a radically different solution, a *full compensation environment*. Here Alf is not only entitled to compensation for the unjustified infringement of his job rights, but also for the lost opportunity that implies. According to this rule, the only "fair" solution is an equal division of all the benefits irrespective of effort. The left-hand graph of Figure 2b shows how applying the full compensation rule increases the maximum benefit of Alf by transferring the striped area from Betty to Alf. This shift establishes *de facto* an equal distribution.

It is easy to see why the two extreme solutions are both *unfair*. If the reduction of Alf's job shares is not due to any personal choice (or the consequences thereof), some compensation for diminished opportunities is called for. Simply relying upon effort is manifestly unfair because it violates the principle of fair opportunity. Similarly, compensating Alf in full for his loss by allocating benefits equally penalises Betty for putting in much more effort than Alf. We treat Betty unjustly by depriving her of the rewards of her legitimate contribution (as determined by her effort level). In other words, exclusively relying upon the compensation rule is equally unfair.²²

••The right-hand side of Figure 2a pictures also how Alf loses out and Betty gains compared to the equal opportunity regime, which is represented by Obb^{max} .

"Another way to view the unfairness of relying upon either of those rules is the following: in the case of the no-compensation environment Alf suffers brute luck for having less job shares. Alternatively, in the case of the full-compensation environment Betty suffers an equal amount of brute luck for having a job which forces her to work while Alf gets the same amount of benefits while working less.



solution. It can be argued that when we move away from the extremes, each point in between them represents a potentially fair solution (or, rather, a solution that is not manifestly unfair). We could picture a partial or minimum compensation rule, which grants Alf compensation for the *difference* between his job share and Betty's (but *not* the difference in lost benefits that this implies). This solution is demonstrated at the right-hand side in Figure 2b by transferring only the smaller striped area to Alf.

But why would Alf and Betty agree to this solution? The implicit presupposition seems to be that both the effort and the compensation rule count equally in the complex distribution: their moral value is assumed to be equal, and so they are given an equal weight. Once we remove this implicit and postulated constraint, a serious problem emerges. In fact, one can conceive of the area of all possible solutions in between the two rules as a *contested domain*, defined as the excess over and above the uncontested portions' of a distribution.²³ Unfortunately, knowing that a fair solution lies "somewhere in between" does not help us find a single specified solution. Determining the exact level of compensation - i.e. ascertaining the priority status of competing distributive rules at the theoretical or philosophical level - remains extremely difficult. I call this the *determination problem*.

True, it may be possible to circumvent this problem by banking on one of the solutions recently explored and advocated by an increasing number of political theorists.²⁴ I do not want to debate the validity of this approach here

²³See H. Peyton Young, *Equity, Theory and Practice* (Princeton: Princeton UP, 1994), pp. 67 ff.

²⁴The argument runs as follows: why do we not simply agree on some reasonable solution in the contested domain (like the minimum compensation rule earlier discussed)? Admittedly this is an arbitrary point on the spectrum of possible fair solutions, but one which derives its authority from the very fact that we all agree to it? I refer here to the idea of deliberative democracy, advanced by Gutmann and Thompson in *Democracy and Disagreement*. For a good overview and collection of key articles, see Bohman 5- Rehge (eds.), *Deliberative Democracy* (Cambridge, Mass.: MIT Press, 1997).

because there is a more interesting point to make. What is important to observe is that, if reciprocity theorists take this route, *they must support a moderate level of unconditional compensation*. Suppose for a moment that Alf has no job share (again, due to circumstances beyond his control), he must receive some compensation, however small, because he loses out on the opportunity to earn the rewards of contribution. In other words, even the slightest acceptance of the fair opportunity principle seems to warrant an unconditional provision of benefits as a measure of compensatory justice. To put the case more forcefully: unless the reciprocity theorists advance the radical argument that the distribution of benefits must be proportional to effort in *all* circumstances - which brings them into direct conflict with the broad liberal-egalitarian principles to which most egalitarian reciprocity theorists generally subscribe - the case for a compensation that is not dependent upon any work requirement is won, at least in principle.

5. Unequal Opportunity Regimes: The Information Problem

Reciprocity theorists need not be devastated by this conclusion. There is an alternative route; a route that is actually closer to what I previously identified as the key issue in the reciprocity objection. Reciprocity theorists may argue that the previous picture is in fact incomplete, and therefore seriously misguided. What is missing is the very dimension that elicits the reciprocity theorist's disconcerted appreciation of unconditional compensation: a person's (*unwillingness to contribute*). In our imaginary society it is important, they argue, to figure out how much effort Alf is *willing* to offer, irrespective of whether equal opportunity is satisfied or not; and this is what determines the level of benefits Alf is entitled to.

Given that effort displayed should partially determine his benefit level, I maintain that in an unequal opportunity regime, Alf is rightly concerned with any decrease in his opportunity to earn the rewards of contribution. One consequence of this, I argued, is that there is a principled reason for compensating Alf for lost opportunities. But in order to determine the exact level of compensation, we do not necessarily need to work out the relative priority of job shares and effort expended. Instead, we need to ascertain the weight of what may be called *actual effort* relative to *potential effort*, where potential effort is an index which measures the effort a person would have made if the opportunity had been made available to her or him.²⁵ The relation between actual effort and potential effort attempts to determine the independent interest a person has in

²⁵Obviously, "potential effort" is just another way to define willingness-to-work.

obtaining a certain amount of job shares.

In order to grasp this shift, I need to change the third general condition again. Formally, an unequal opportunity regime now needs to satisfy the following conditions:

- (1') *Job Allocation*: the total number of job shares J is divided among all individuals N . Every individual i holds a number of job shares j_i ; there is one pair of individuals, k and l , where $j_k < j_l$ and N are exogenously determined.
- (2) *Effort Expended*: the amount of effort e_i an individual i expends is determined by p_i , where p_i represents a set of independent factors delineating i 's preference for consumption over leisure. The maximum level of e_i is constrained by the number of job shares j_i that i holds.
- (3') *Benefit Distribution*: the share of benefits b_i individual i is entitled to is fully determined according to a complex distribution principle D_i , consisting of a weighted combination of the actual level of effort expended, e_i , and the *maximum* level of effort that i would expend if total job shares were equally distributed. The latter variable is designated as i 's potential effort level or pe_i .

It is important to stress two peculiarities in the interpretation of D_i . First, the maximum level of effort is limited to the level of effort that can be expended in a context of equal opportunity with exogenous total job shares. This means that even if Alf would be willing to work, say, 80 hours when his job share under an equal opportunity regime cannot possibly exceed 40 hours, only those 40 hours count as a valid claim with respect to the distribution problem.²⁶ Second, we have to take into account that, although Alf may be willing to work as much as Betty while being denied the possibility to do so, she still puts in more actual effort than he does. So in this situation, we encounter the same determination problem as in the previous section, and there is no perfect solution. This results in another contested domain.²⁷ A fair solution to the distribution problem must attempt to get as close to each person's potential effort as possible, without totally ignoring the actual effort expended by all other individuals in society.

²⁶Within the constraints of equal opportunity and asserting the primacy of an egalitarian distribution, the additional 40 hours Alf is willing to work are just his bad luck. I don't think that this instance of bad luck can give rise to a legitimate claim of compensation because all suffer a similar exogenous constraint.

²⁷Note that the objection I raised earlier against reciprocity theory under unequal opportunity does not hold in this case. In the former context, I argued, the acceptance of fair opportunity as a valid principle that influences the actual distribution of benefits implies a principled acceptance of unconditional compensation. The same argument does not apply in the latter context because the contested domain now represents the tension between two different variations of the effort principle. This is why the revised version of the unequal opportunity regime is at first sight a safe route for the reciprocity theorist to build a case against BI.

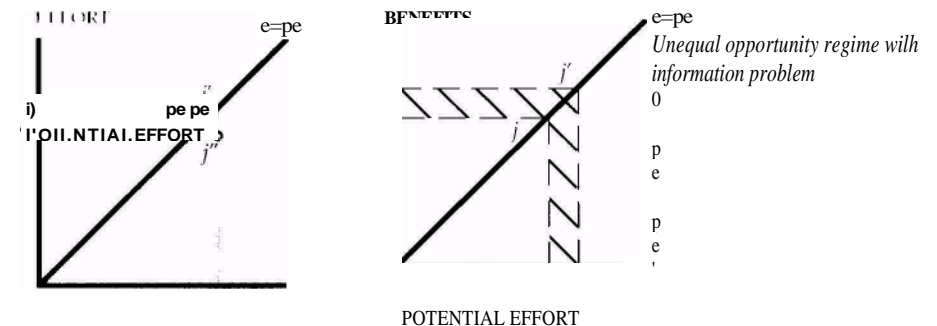


Figure 3 illustrates different possible solutions, both fair and unfair, with a differential allocation of job shares. First, take the case of j' , where Alf's potential pe_i is less than j' . In this case, Alf has no claim for compensation because his job share is less than his potential effort. In UK raising the level of compensation would be unfair towards Betty, amounting to a parasitical exploitation of Betty's contribution.²⁸ By contrast, at j'' Alf has a serious claim for compensation since he experiences an unfair restriction of his opportunities to work. In unfair reduction of his job share. Given $e < pe$, Alf suffers from a lack of opportunity to expend effort. In this case, then, some compensation is called for. In a fair solution, fairness demands that we take differentials in willingness to work into account and implement a differential compensation scheme.

We already mentioned the existence of a second determination problem in this scenario.²⁹ However, a more serious problem is that the necessary information to determine Alf's potential effort is not available. What prevents a fair solution forward is an *information problem*. Now, political theorists have to acknowledge that, at the practical level, their theories are troubled by a variety of information problems. Yet they seem to obtain a good deal of truth within and across the field of political theory.³⁰ So why should

²⁸In Figure 3, this is represented by the 45° line at which $e = pe$. Every point on this line represents a fair allocation of job shares because it corresponds with that person's independent interest in expending a certain amount of effort. Similarly, every point below the 45° line is unfair because $e < pe$. Thus the shaded area in Figure 3 shows what may be termed the domain of legitimate claims for compensation.

²⁹If we are certain that Alf would exhibit the maximum effort level under equal opportunity, he is wronged if we do not compensate him for his lost opportunities. On the other hand, if we have reliable information that Alf is only interested in working, say, 20 hours, Betty is wronged if we distribute benefits equally.

³⁰See the "contested domain" $bb'j'pe'pej''$ in the right-hand graph of Figure 3.

The exemplary case is of course John Rawls, *A Theory of Justice* (Oxford: OUP, 1972).

reciprocity theorists be impressed by my argument that their critique of BI does not hold because of an information problem?

I think there are two good reasons why in this case the information problem is decisive. First, I have argued that the distinction between opportunity to contribute and willingness to contribute lies at the very heart of the reciprocity objection. Consequently, a fair distribution in an unequal opportunity regime is crucially dependent upon reliable information about the objective intentions or independent interests of potential jobholders whose job rights are supposedly infringed without their consent.

Second, reciprocity theorists seem to assume that the distinction between an equal and an unequal opportunity regime is irrelevant because the relevant distribution rule in both cases is D2 (what is important in both cases is to measure actual and potential effort). Unfortunately, this blurs a marked difference between the two regimes. In an equal opportunity regime, we can simply infer a person's willingness to contribute from his actions. In an unequal opportunity regime, by contrast, this option is invalid—we cannot simply "scan" Alf for his independent interest, nor can we ask him. Essentially, the information problem is difficult to side-step because the only way we can determine a person's moral intentions is by observing his actions in a particular context." What this means is that, in general, the reciprocity objection holds when fair opportunities are guaranteed but is problematic otherwise. As Van Parijs rightly observes, 'we tend to get stranded in the mud of unavoidably controversial factual claims, typically about how much of a person's poor achievement is due to a lack of capacity she cannot be held responsible for rather than to a lack of will.'³¹

"Reciprocity theorists advance yet another solution to bypass the information problem. I think many of the measures that reciprocity theorists propose in order to make compensation schemes more conditional can be interpreted as enacting a *reciprocity test*. The main goal of the test is simply to separate those who really deserve compensation from those who do not by making the receipt of compensation conditional on passing the test. A reciprocity test essentially aims to distinguish between three social categories: (1) those who hold a regular job and pay the taxes that finance the compensatory benefit, (2) those who have no job, satisfy the minimal conditions imposed upon them and subsequently receive benefits, and (3) those who have no job, fail the reciprocity test and therefore receive no compensation. But is the reciprocity test itself justified? This question ultimately determines whether or not the reciprocity objection holds under unequal opportunity. In my view, the test is *not* justified. I think there are three main reasons for denouncing the test: (1) failing the test does not necessarily amount to revealing an inherent unwillingness-to-work; (2) what exactly constitutes the test is usually decided upon without consulting those who are affected by it; (3) targeted people have no genuine exit option out of the co-operative community. A related problem is, of course, that there may be good moral grounds for challenging the implementation of an extensive information-gathering institution. After all, privacy is an important moral value in contemporary society. I am grateful to Koen Raes for bringing this point to my attention.

"Van Parijs, 'Justice as the Fair Distribution of Freedom', in Laslier & Fleurbaey (eds.), *freedom in Economics* (London/New York: Routledge, 1998), p. 203.

This « inclusion at the end of the analysis must be that reciprocity has a certain . il TüM|. In ii ih. il il is not a straightforward plausible approach for assessing the moral •. ih n < TMHti l systems. With respect to BI, then, the reciprocity objection proves to Iii • il In mini lorce- notwithstanding its intuitive appeal."¹

(>. Equal Access to Jobs: Two Interpretations

iiiven the fierce dispute between BI and reciprocity theorists, it is easy to • li iwnpl. iy the common ground between them. One crucial feature, which gets e. r. ily overlooked in the literature, is the nature of job rights that underlies the ML n l l arguments pro and contra BI. In this section, I argue that BI and reciprocity l lieoi y actually converge around the basic characteristics of what constitutes |i il > lifjils, and furthermore that this view is flawed. In order to see this, let us I it H Tly review the key arguments on both sides.

As we have seen, a large proportion of BI and reciprocity theorists hold i he view that fairness demands some notion of equal opportunity with respect h i accessing jobs. But how are we exactly to interpret this criterion of equal , n cess? According to Philippe Van Parijs, jobs are external assets which nobody mil i, illy owns, and to which all have an equal right. Within the general framework i h, it Viin Parijs offers, 'jobs are not just associations with other people ... they i, m be viewed as taps fitted on to a pool of external assets to which all have an i'(|ii. il claim.'"Jobs are considered to be "assets" because 'people's endowment r. mil exhaustively described by their wealth (in the usual sense) and their skills: i he holding of a job constitutes a third type of asset... the value of which needs ID he distributed equally among all.' How are we supposed to do this? In the i, r. eol scarce jobs, Van Parijs proposes: 'let us give each member of the society concerned a *tradable* entitlement to an equal share of those jobs.'³⁶

Reciprocity theorists object to the idea that equal shares in jobs should be iradable, arguing that this would promote free-riding and parasitical i 'X|)l <)ilation. If we take Stuart White's view, for instance, job shares only constitute , l l l iisset in so far as they are embedded with in a co-operative community, where

"i, i K'cenl analysis of the reciprocity principle and its normative dimension in contemporary politics lli. il Likes broadly the same view, see Bill Jordan, *The New Politics of Welfare* (London: Sage, 1998) chs.2-3. llliliiituiialdy l lack the time and the space to take Jordan's ideas into account; suffice to say that, a superficial •. imi Liilily notwithstanding, his views on what makes up the reciprocity principle are very different from my

"V. in I' . irijs, Real Freedom for A/I, p. 108 (italics added) This in fact implies 'sharing among all the employment l l' ill', otherwise monopolised by those in employment.'

they are valued 'precisely because of the access they confer to the economic benefits of social *co-operation*.' White's argument obviously resists the simple sale or lease of such assets. The very fact that job assets are embedded within the co-operative community implies the demand for a corresponding co-operative effort on the part of the beneficiary.

Apparently, Van Parijs and White hold incompatible views on whether equal access demands an equalisation of tradable job rights. In both cases, however, different interpretations of job assets - i.e. different approaches to securing equal access to jobs - obscure the fact that they conceive the *nature* of the job rights we are concerned with in an identical fashion. Irrespective of whether they are tradable or not, jobs are assumed to be "minimally private" in the following sense: *once a person has gained access to a particular job, s/he is entitled to exclude others from it*. This description of jobs as private is of course very "thin". It does not reveal under what precise conditions individuals gain access to it nor what are the right procedures in appropriating such a job right; nor does it tell us how far society may interfere in restraining the use of jobs and whatever results from occupying them. In my view, the fact that society can tax jobholders to a certain extent in order to provide for public goods does not make the job less private in the minimal sense I have defined.

I believe there is another interpretation of job rights which is almost entirely absent from the discussion on equalising access to job rights. I propose to interpret *equal job rights as an equal right not to be excluded from the labour market*.TM At an abstract level this interpretation simply claims that we recognise everybody's inalienable right to participate in the labour market at large: whenever an individual demonstrates an interest in appropriating a particular job share, s/he is allowed to do so. At the same time, however, excess appropriation is constrained along two dimensions. First, the total number of job shares is exogenously determined: there is a ceiling to how much anybody can possibly appropriate because under the absolute job-scarcity doctrine, there is only a limited amount of job shares available. Second, everybody else's equally inalienable right not to be excluded seriously curbs every individual's appropriation. The labour market is considered to be a pool of resources, and equal rights to non-exclusion

TMWhite, 'Liberal Equality', p. 321 (italics added).

TMThere is yet another alternative, namely to consider equal job rights under a collective ownership structure where everybody holds a veto on how the jobs are to be distributed. For a good discussion of collective ownership, see G.A. Cohen, *Self-ownership, Freedom, and Equality* (Cambridge: CUR 1995), pp. 83 ff.

li «iiM m.ikr 11 possible *for every person* to take what he needs or wants.^{IV}

This number of theoretical and practical objections, many of which I will not discuss at this point. In order to fully appreciate the force of this proposal, let us look at what may actually happen if we modify equal access to non-exclusion. Using our example of a multiparty society, we can easily see that this interpretation embraces a notion of equality. Take the case of Alf and Betty in a situation where total job shares is limited to 80 job shares. It is possible to construe a number of scenarios in order to show that the right to non-exclusion embraces equal access.

- 1) Betty enters the scene and occupies 40 job shares, leaving 40 for Alf.
- (i) Betty occupies 40 shares and Alf only 20, after which Betty happily takes the additional 20 job shares Alf left unused.
- (i) Betty takes 60 job shares, but after a while Alf wants 40 job shares; Betty issues on 20 job shares to Alf.
- 2) Alf and Betty both want 60 job shares; given the external constraints each ends up with 40.

It is possible to vary the scenarios even further. But the core elements of the outcome are always the same: an exogenously determined ceiling on job shares, the individual's independent interest in a job share and, finally, equal right to non-exclusion which aims to guarantee equal access to jobs.

Returning to Bl, it seems that reciprocity theorists have won the battle, for, (on Van Parijs the equal right to non-exclusion asserts that job shares are tradable. This removes a core objection of the reciprocity theorist, namely that people simply sell shares while having no independent interest in them. In fact, the right to non-exclusion guarantees equal opportunity in a way that makes final outcomes sensitive to ambitions and, consequently, to choices (like the amount of effort previously expended). This results not only in an outcome that I think egalitarian reciprocity theorists like White are comfortable with. It is also an outcome no "reasonable" Bl theorist could oppose - save that, unfortunately, it does not support Bl - because it basically precludes a situation in which Bl was supposed to remedy, namely the reduction of fair opportunity in the use of unequal access to external resources. Finally, the equal right to non-

^{IV} This conception of job rights implies that 'no one user can control the activities of other users, or, conversely, voluntary agreement or willing consent of every user is required in joint action involving the community of resources' (Vincent Ostrom & Elinor Ostrom, 'A Theory of Institutional Analysis of Common Pool Resources', in: Elinor Ostrom & Karl G. Binswanger (eds.), *Managing the Commons* (San Francisco: W.H. Freeman, 1977), p. 157).

exclusion provides an elegant and practical justification of equality in the job market. There is no need for any sophisticated moral reasoning to explain why people take any feasible opportunity to "dip into the job pool". And the very fact that they do this in turn provides a justification for equal access to job rights.

7. Constrained Job Rights: Considering Efficiency

But is this the end of the story? Did we get the full picture by simply modifying equal access to jobs to incorporate the equal right to non-exclusion? I think there is another matter we need to be concerned with, a matter that brings a possible justification for BI back into focus. So far I have assumed that the number of jobs is exogenously determined, implying that this automatically constitutes the higher limits within which any pure distribution of job shares must operate. It seems that this is too restrictive a condition, however.

A more accurate description of society would be that the *optimal number* of jobs is endogenously determined given a particular state of technology and organisation of production. For example, although job shares in theory can be divided into infinitesimally small units, real jobs face serious efficiency restrictions in this respect; jobs are only imperfectly divisible, and the rate of divisibility is one of many factors determining the optimal number of jobs. The impetus is that "society" may very well decide to exceed this optimal level, in which case it imposes extra costs on itself. The interesting point now is that these externalities in turn must be distributed according to a fair rule.

Three points are worth mentioning. First, given equal productivity and non-exclusion (and, hence, the absence of rent-seekers), it is reasonable to assume that every individual has an interest in the production process approximating the optimal level of jobs. This is because this partly determines the rate of return to the job shares which s/he holds, and therefore the level of benefits s/he receives. Second, every individual also has an interest in maximising her or his total level of benefits, subject to her or his preference structure for effort, leisure and consumption. Third, there is no independent authority to prevent total appropriation of jobs from exceeding the optimal level. The combination of these three elements points at the specific structural constraints inherent in this situation, which closely resembles the structure of a common property resource. It is not hard to recognise that maximisation of personal goals in the absence of external

ities may bring social efficiency down to a sub-optimal

At I have said, every individual has an independent interest in social utility reaching an optimal level. In an almost Hobbesian fashion, this provides a way out of the present sub-optimal state of affairs by means of a bargaining game. Let us start from a state of job scarcity in which I begin with the idea that, due to the equal right to non-exclusion, nobody is prevented from simply boosting the number of jobs available. It then becomes, in everybody's interest to somehow constrain the job rights that allow almost unlimited access to the job market. From a *constrained job rights* perspective, then, it is a good thing if some people can be induced to voluntarily forego taking up the jobs they are entitled to. Now the only reason why almost anybody can be induced to *voluntarily* exit the labour market (in the absence of altruism) is that if this enables them somehow to share in the efficiency gains brought about while networking. In other words, non-jobholders need to be compensated for their *contribution-by-restraint*, just as jobholders expect to be compensated for their *contribution-by-effort*.

I

What emerges if we combine the two stages of the argument (non-exclusion and potential efficiency gains by restricting access to the labour market) is, a social contract based on an employment game, jobholders promise to compensate non-jobholders for staying out of the labour market; non-jobholders in turn promise to stay out of the labour market, provided they get a share of the 'efficiency'. In this scheme, then, *compensation becomes conditional upon non-work*.¹¹ If too many players choose the defect strategy - i.e. take on a job or refuse to pay compensation to non-jobholders - the logic entailed in the right to non-exclusion restricts that the job market will be pushed to its limits, and productive efficiency will go down. To some extent this is a choice society may be willing to make, but

¹¹ The labour market here experiences a "tragedy of the commons" phenomenon. For a seminal statement, see Hardin, 'The Tragedy of the Commons', *Science*, 162 (1968), pp. 1243-1248; see also Ostrom, *The Commons* (Cambridge: CUP, 1990). Philippe Van Parijs briefly considers the option of employing a basic income property model, but dismisses it. 'What can be expected from this sort of argument... is at most a narrowing of the wide range that separates the basic-income maximising rate from the one that is most favourable to Crazy's interests, but not a criterion that would enable the real-libertarian approach to choose from his wide range a non-arbitrary 'neutral' point, against which neither Crazy nor Lazy would have a valid complaint' (*Real Freedom for All*, p. 94). I think this statement is false. In my opinion, the common basic income model is in fact the only model that can adequately reach such a 'non-arbitrary, neutral point.' It is worth noting that Van Parijs's claim is partly explained by his view that commonly owned goods are either not privately or publicly owned, which quite frankly seems an underestimation of the dynamic features of common property resources.

¹² This is the corollary of something labour market analysts already know, namely that in many instances in which work is very much conditional upon receiving sufficient compensation.

we definitely have to consider the drawbacks. Another solution is to resort to a scheme of unconditional compensation. Unconditional compensation is justified because people receive benefits while not working on the grounds that their voluntary exclusion from the labour market generates efficiency gains. Paradoxically, non-jobholders actually do contribute by not contributing in the narrow sense in which reciprocity theorists employ the term.

8. Basic Income in a Reciprocity-Sensitive Environment

The question of whether BI is a feasible and desirable way to tackle the necessary reform of the welfare state rightly generates a fierce debate in which a wide range of arguments pro and contra are being put forward, analysed, defended or opposed. This is an admirable state of affairs. As Van Parijs puts it, 'there is nothing wrong with entertaining pet ideas, and even less with displaying enthusiasm. But society would be crazy to give ideas for radical reforms a try without subjecting them first to a ruthless critical debate regarding both feasibility and desirability.'⁴³

Adversaries of BI can be roughly divided into two groups. There are those who think that BI has no merit whatsoever, and that there can be no justification for anything remotely like BI. And there are those who think BI has some merit, but that the disadvantages at either the moral or the practical level exceed whatever good comes from it, so that in the end we must oppose it. This essay is directed towards the second group, advancing a relatively modest claim.

Fortunately many reciprocity theorists - those whom I earlier labelled "egalitarian reciprocity theorists" - have a concern with fair opportunity and fair compensation in common with proponents of BI. But they sincerely feel that BI is at odds with the fundamental principle of reciprocity, which they claim occupies a central position in any plausible account of social justice. The first part of this essay focuses upon the strength of the reciprocity principle within a context of unequal opportunity. I listed two main problems - the determination problem and the information problem - which I think seriously curbs both the moral force and the practical significance of the reciprocity principle for evaluating social institutions.

Nevertheless, the notion of fairness as doing one's bit remains intuitively plausible. So the major challenge becomes whether it is possible to incorporate BI within a social arrangement that remains faithful to the intuitive appeal of

the reciprocity principle. In other words, can we modify our justification of BI to make it compatible with a reciprocity-sensitive framework? I tried to do this in the middle part of this essay by proposing a reinterpretation of the idea of job entitlement, moving from a minimally private notion of jobs to the equal right to non-exclusion. This would be the key to arriving at a fair allocation of scarce jobs and 'in' the distribution of benefits in society. I argued that this 'inclusion' is perfectly compatible with the core contentions of the Harsanyi perspective. Furthermore, I claimed that, once we bring efficiency into the picture, there is a case for unconditional compensation in the reciprocity-sensitive framework. To conclude, then, I think that my revision of BI from the right to non-exclusion is reciprocity-sensitive and cannot be said to endorse the possibility of the exploitation of jobholders by non-jobholders.

⁴³Van Parijs, 'Universal Grants versus Socialism', in *Marxism Recycled* (Cambridge: CUP, 1993), p. 176.