

Almaz Zelleke, “Does a Resource Tax Eliminate the Exploitation Objection to a Basic Income Once and For All?” Paper presented to the 11th Annual North American Basic Income Grant Conference, University of Toronto, May 2012
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Abstract: Liberal egalitarian theorists of justice accept the legitimacy of some redistribution of income and wealth, but differ about how much is justified, and under what conditions, if any. In particular, the *unconditionality* of basic income is thought by some to represent exploitation of “crazies”—those who have high earnings to which they are morally entitled—by “lazies”—those who prefer not to work, or decline the jobs that are available to them. This objection generally assumes financing of a basic income through progressive income taxes. If the basic income is instead financed through resource taxes—taxes on land or other natural resources—does the exploitation objection vanish, once and for all?

1. Introduction.

At the beginning of 2012, a book examining the U.S. state of Alaska’s Permanent Fund Dividend—a resource dividend funded by profits from the oil under state-owned land in Alaska—was published with contributions from a number of basic income advocates. *Alaska’s Permanent Fund Dividend: Examining its Suitability as a Model* suggested that the Permanent Fund Dividend (PFD), an annual unconditional payment to all residents of the state, regardless of age, could serve as a model for basic income schemes elsewhere. The PFD does serve as an excellent model for the conceptualization of natural resources as commonly owned—a potentially important step along the path to acceptance of the idea of a basic income. It also provides an example of cash payments to individuals without any stigma of dependence, fraud, waste, or failure—attributes often attached to recipients of other government benefits. The PFD’s funding source in natural resource revenues rather than in taxes on individual income or wealth seems to exempt its

recipients from any need to justify their use of the dividend, and to exempt the scheme as a whole from the “socialist” label.¹

In his contribution to the Alaska book, Ian Carter makes a left-libertarian argument for replacing all taxes on income—those that fund redistributive schemes like a basic income but also those that fund other government functions—with resource taxes. In my own contribution to the book, I speculated that basic income schemes tied to resource taxes would be likelier to win public acceptance than those funded by progressive income taxes—a funding source more directly linked in the public mind to individual effort and achievement. In this paper, I explore these ethical and political aspects of the resource tax, asking first whether funding a basic income from resource taxes rather than from income taxes eliminates the exploitation objection to a basic income, and second, whether funding the basic income from resource taxes rather than income taxes makes an unconditional basic income more politically plausible.

2. Objections to a Basic Income

An unconditional basic income faces many objections, but the one I have always found most puzzling is what is known as the “exploitation objection.” The exploitation objection refers to the concern that an unconditional basic income represents the exploitation of “crazies”—those who work hard and have the high earnings to show for it—by “lazies”—those who could work, but choose not to. In its broadest outlines, the objection is common to left and right critics of basic income. Social democrats have

¹ Opponents of the creation of the PFD did try to label the scheme as “socialistic,” but the label did not stick. See Dave Rose (as told to Charles Wohlforth), *Saving for the Future: My Life and the Alaska Permanent Fund* (Epicenter Press, 2008), chapter 8, and Jay Hammond, *Tales of Alaska’s Bust Rat Governor* (Epicenter Press, 1994).

objected to the unconditionality of basic income both because it does not recognize a universal duty to work, and because it does not provide its recipients with the non-monetary benefits of work and the full membership in society that work provides.² Right libertarians, of course, object to any redistributive taxation as a violation of the property rights of those who are taxed. In recent years, the articulation of a left-libertarian branch of libertarianism has offered support for the taxation of the value of natural and communal resources for redistributive purposes, but the matter of the conditionality or unconditionality of the redistribution has not been at the forefront of their debates, with the exception of the work of Philippe Van Parijs who, of course, argues for the highest sustainable unconditional basic income.

Both the social democratic and the right libertarian objections to basic income are rooted in a form of exploitation—exploitation of those who contribute to the social enterprise, for social democrats, and of those who are entitled to absolute claims to what they own, for libertarians. Surprisingly, the exploitation objection is also made by liberal egalitarians, even those who regard the value of all resources—internal, external, natural, and social—as subject to the redistribution necessary to fulfill their respective egalitarian principles. They regard these resources as undeserved gifts and condemn the inequality to which they give rise, and yet they reject the idea of any unconditional redistribution as a violation of the reciprocity underlying the social contract. As Will Kymlicka notes, there

² Some social democrats have become more sympathetic to the idea of a basic income after decades of high unemployment have demonstrated the difficulty of ensuring jobs for all. See, e.g., André Gorz, *Reclaiming Work: Beyond the Wage-Based Society*, trans. Chris Turner (Cambridge, England: Polity Press, 1999). The Socialist Party of the United States now includes “a livable guaranteed annual income” in its party platform, but it does so in the context of a call for a full employment policy, suggesting that it has in mind a guaranteed jobs program with a livable wage rather than an unconditional basic income.

appears to be a resistance on the part of liberal egalitarians to the radicalism inherent in their theories of justice—whether for political reasons or due to a preference for toiling in the field of ideal theory as opposed to institutional design, it is not clear.³ I should note that I have critiqued the exploitation objection from a feminist perspective, and have argued that it's only through a feminist perspective that basic income's unconditionality can be justified.⁴ But it's important for basic income advocates to challenge the resistance to a basic income from what should be its natural base of support in mainstream liberal egalitarianism, on its own terms, which (sadly) does not yet include a truly feminist perspective. Unpacking the exploitation objection and examining whether the source of a basic income's financing might resolve is a way to do just that.

3. *The Exploitation Objection*

In liberal egalitarian theory, the exploitation objection is rooted in the principle of reciprocity. The reciprocity principle does not argue against redistribution in general, only against *unconditional* redistribution. It requires those who receive redistributive income benefits to be willing to work in exchange for them. The intuitive appeal of the reciprocity principle is obvious: who could object to the notion that one should contribute to, as well as take from a pool of limited resources? But if it is used to deny access to critical resources to individuals who are unwilling to work, the reciprocity principle must be justified by more than intuitive plausibility alone.

³ Will Kymlicka, *Contemporary Political Philosophy*, 2nd ed. (Oxford University Press, 2002), pp. 88-96.

⁴ Almaz Zelleke, "Feminist Political Theory and the Argument for an Unconditional Basic Income," *Policy and Politics*, vol. 39, no. 1 (January 2011), pp. 27-42.

The most explicit liberal egalitarian advocate of the reciprocity principle is Stuart White, but the principle features in the work of John Rawls and Ronald Dworkin as well—two of the most influential liberal egalitarian theorists of recent decades.⁵ Liberal egalitarians offer two justifications for the reciprocity principle, one ethical and one instrumental. The ethical argument is grounded in Kantian ethics, and specifically in the prohibition against treating others only as a means to one’s own ends.⁶ The instrumental argument notes that because income supports are made possible by those who participate in productive economic activity, societies which provide income supports “cannot be neutral between ways of life that contribute to economic productivity and those that do not.”⁷ Note that neither justification makes explicit reference to any claims of ownership over the resources that might fund a basic income.

Stuart White terms his reciprocity-based theory of economic citizenship *justice as fair reciprocity* (JAFR). JAFR “holds that each citizen who willingly shares in the social product has an obligation to make a relevantly proportional productive contribution to the

⁵ See Stuart White, *The Civic Minimum: On the Rights and Obligations of Economic Citizenship* (Oxford University Press, 2003), and “Liberal Equality, Exploitation, and the Case for an Unconditional Basic Income,” *Political Studies*, vol. 45, no. 2 (June 1997), pp. 312-26; John Rawls, *Justice as Fairness: A Restatement* (Harvard University Press, 2001); and Ronald Dworkin, *Sovereign Virtue: The Theory and Practice of Democracy* (Harvard University Press, 2000). See also Amy Gutmann and Dennis F. Thompson, *Democracy and Disagreement* (Harvard University Press, 1996); and Lawrence C. Becker, “The Obligation to Work,” *Ethics*, vol. 91 (October 1980), “Reciprocity and Social Obligation,” *Pacific Philosophical Quarterly*, vol. 61 (October 1980), pp. 411-21, and *Reciprocity* (Routledge and Kegan Paul, 1986).

⁶ See, e.g., White, “Liberal Equality.”

⁷ Gutmann and Thompson, *Democracy and Disagreement*, p. 280. See also Robert J. van der Veen, “Real Freedom versus Reciprocity: Competing Views on the Justice of Unconditional Basic Income,” *Political Studies*, vol. 46 (March 1998), pp. 140-63.

community in return.”⁸ In its ideal form, JAFR requires a high standard of egalitarian justice for background institutions, including the full prevention or correction of “unequal access to the means of production and unequal endowments of marketable talent.”⁹ In its non-ideal form, however, JAFR requires only that “the institutions governing economic life satisfy a threshold level of absolute and relative economic opportunity, a threshold set below that necessary to achieve a comprehensively egalitarian society.”¹⁰ White’s proposal for engendering the background conditions necessary for non-ideal JAFR is an inheritance tax-financed “basic capital endowment”—a significant grant on maturity to be used for productive purposes including education, training, and starting a business— together with a smaller amount that could be used to supplement income for a time.¹¹ White argues that the basic capital grant would go a long way toward setting the conditions for a fair work test, legitimizing the imposition of the contributive obligation. If the background institutions governing economic life satisfy these conditions, JAFR then requires of the citizen “fair-dues reciprocation” in the form of a contributive obligation. Those who refuse to satisfy the contributive obligation under such conditions are guilty of exploiting those who do, of treating them in “an offensively instrumental way.”¹²

⁸ White, *The Civic Minimum*, p. 18.

⁹ *Ibid.*

¹⁰ *Ibid.*, p. 77.

¹¹ *Ibid.*, p. 177.

¹² *Ibid.*, p. 62.

In more recent work, White has suggested that an unconditional basic income could help to achieve the goal of reciprocity by supporting the work efforts of basic income recipients, reversing the prioritization of willingness to work to benefits provision of his earlier work and emphasizing the political import of the reciprocity principle over its ethical justification.¹³ He also notes the possible differentiation between different kinds of assets, suggesting that there might be an argument for the unconditional entitlement to the value of socially inherited assets.¹⁴

A critical element of John Rawls' conception of "justice as fairness" is the "difference principle," which requires that "social and economic inequalities are to be arranged so that they are...to the greatest benefit of the least advantaged."¹⁵ Rawls' first articulation of the difference principle was criticized for allowing those who prefer not to work to fall within the definition of the least advantaged by virtue of their voluntarily low income, forcing some to subsidize others' expensive taste for leisure.¹⁶ In his later work, Rawls corrected this "bias" in favor of leisure by including excess leisure—leisure beyond the sixteen hours per day left after a standard eight-hour work day—in the index of primary goods, and by formally endorsing the notion of reciprocity, so that those who

¹³ Stuart White, "Reconsidering the Exploitation Objection to Basic Income," *Basic Income Studies*, vol. 1, issue 2 (December 2006), article 4.

¹⁴ *Ibid.* See also Stuart White, "Basic Income versus Basic Capital: Can We Resolve the Disagreement?" *Policy and Politics*, vol. 39, no. 1 (January 2011), pp. 67-81.

¹⁵ John Rawls, *A Theory of Justice* (Harvard University Press, 1971), p. 302.

¹⁶ See, e.g., Richard Musgrave, "Maximin, Uncertainty, and the Leisure Trade-Off," *Quarterly Journal of Economics*, vol. 88 (1974), pp. 625-32.

do not work are no longer included among the least advantaged.¹⁷ In his later articulations of the difference principle, the least advantaged are those who “are doing their full share on terms recognized by all as mutually advantageous and consistent with everyone’s self-respect.”¹⁸ “Surfers,” Rawls famously noted, “must somehow support themselves.”¹⁹

Ronald Dworkin disagrees with Rawls that the value of all inequalities should be subject to redistribution. Dworkin designs his theory of just distribution, which is based on the idea of equality of resources, to be “endowment-insensitive” but “ambition-sensitive,” meaning that he wants to mitigate inequalities that arise from natural talents or handicaps, as well as good or bad luck, but not those that arise from differences in effort and inclination, which he calls ambition.²⁰ Dworkin begins with a story about how a hypothetical group of shipwrecked individuals might equitably divide the natural resources on the island on which they find themselves. He proposes an auction, using equal allotments of clamshells as currency. Individuals bid on the resources until each has a bundle that passes what Dworkin calls the “envy” test—no one prefers anyone else’s bundle to his or her own.²¹ Dworkin uses a painstaking process to ensure an envy-free

¹⁷ See Philippe Van Parijs, “Difference Principles,” in Samuel Freeman, ed., *The Cambridge Companion to Rawls* (Cambridge University Press, 2003), pp. 200-240, for a more nuanced discussion of the effect of leisure in Rawls’ theory of justice.

¹⁸ Rawls, *Justice as Fairness*, p. 139.

¹⁹ *Ibid.*, p. 179.

²⁰ Ronald Dworkin, *Sovereign Virtue: The Theory and Practice of Democracy* (Harvard University Press, 2000).

²¹ *Ibid.*, pp. 66-69.

distribution, rather than a straightforward equal division of resources, in order to achieve an initial equity that takes seriously individuals and their preferences for different kinds of resources—land vs. coconuts, for example. He does this because he wants to set the stage for individuals to take responsibility for the decisions they make, and the kind of lives they choose to lead in their post-auction lives; importantly, Dworkin’s initial equality of resources prioritizes autonomy over equality of outcome.

In a world where all individuals had equal talents, ambitions, and luck, their bundles of resources might continue to pass the envy test throughout their lives. But in the real world, where individuals have unequal talents and ambitions, and are also subject to different amounts of good and bad luck, bundles will quickly diverge in value and the envy test will not be met. Dworkin uses the device of a hypothetical insurance market to argue that individuals would be willing to pay premiums, or taxes, to insure against hardship that is the result of suffering a handicap, or of being comparatively untalented, or the recipient of bad luck, but not against being comparatively unambitious, by which he means being indolent and lacking in purpose.²² This leads, Dworkin argues, to an income tax-supported conditional welfare system that provides above poverty-line benefits for those who cannot find work and who are willing to engage in job training while they search for employment.²³

The equality that Dworkin seeks to maximize is thus not strictly speaking equality of resources, but closer to equality of opportunity. Dworkin seeks to compensate the comparatively untalented insofar as they demonstrate appropriate ambition by seeking

²² *Ibid.*, pp. 73-99.

²³ *Ibid.*, pp. 331-46.

employment for the opportunity to profit from even their meager talents. Hence his declaration that “there is nothing to be said for a world in which those who choose leisure, though they could work, are rewarded with the produce of the industrious.”²⁴

Commitment to the ideal of equality of resources need not necessarily imply the right to live off the fruits of others’ labor, but it might suggest the right to live off one’s own share of natural resources. Does the fact that Dworkin does not endorse this indicate that his initial conception of equality of resources is purely theoretical, or that like Stuart White, he understands that it is politically implausible?

4. The Ethical Foundations of Reciprocity

As this admittedly brief and heavily summarized review of the work of some reciprocity advocates suggests, reciprocity is a very general principle which articulates an undeniable feature of stable social life—that individuals both contribute to and receive benefits from organized interaction in community with others. Where reciprocity is not the rule, society is unstable: those who contribute disproportionately to what they receive will be tempted to rebel or flee. Between communities, reciprocity can take on a very specific meaning: in trade, for example, one state may lift tariffs on imports on condition that the other state do the same. In this case, the reciprocity is quite literal. Within communities, reciprocity is difficult to particularize in the same way, because of the division of labor and distribution of roles inherent in communal life, and the efficiencies to be gained in seemingly non-reciprocal behavior. One example (perhaps the only one) of true reciprocity within communities is universal military service. Putting one’s life at risk to protect the community that exists in large part to protect its citizens is the

²⁴ *Sovereign Virtue*, p. 2.

paradigm of reciprocity among citizens, yet even in this case, most nations have moved from universal conscription—which was in almost all cases only universal male conscription in any case—to a professional army. Reciprocity advocates provide no grounds for understanding why reciprocity for income security requires work requirements in particular—as opposed to, say military service—or for why it is only income security, rather than other monetary benefits enjoyed by more affluent citizens, that triggers the work test. So we need to tease out the possible reasons.

I turn first to the ethical principle underlying the reciprocity principle. The injunction against treating others only as a means to one's own ends is certainly a powerful one, but for it to be leveled against a basic income, we need to be able to articulate what exactly its recipients are doing wrong—how is it that receiving a basic income treats others only as a means to one's own ends? I see two possibilities: either basic income recipients are taking something to which they are not entitled; or failing to fulfill a duty that they owe. Otherwise, it's hard to see why choosing not to work would not fall under the rubric of choosing one's own ends, or pursuing a vision of the good life—activities that are central to the liberal egalitarian project—especially if it is an alternative open to all members of society.

a. Taking that to which we are not entitled

Do recipients of basic income take something to which they are not entitled? For this to be the argument, reciprocity advocates would need to make a kind of absolute property rights argument that is absent from their theories but that libertarians make to argue against any redistributive taxation, for conditional or unconditional benefits. In general, liberal egalitarians make no such argument and in fact argue exactly the

opposite—that we should regard all or most resources as subject to egalitarian redistribution despite unequal ownership or possession. Only Ronald Dworkin’s distributive theory suggests that the internal resource of ambition—what we strive to do with our unequally distributed talents and assets—is proprietary in a way that prohibits redistribution. If we follow Dworkin’s logic, it might make sense to distinguish between how taxes on natural resources versus income taxes are distributed. Dworkin’s ambition-sensitivity could justify imposing conditions on benefits funded by income taxes to promote the same kind of economically beneficial ambition arguably exhibited by high earners on the part of benefit recipients. This approach entails regarding different resources as rough but workable proxies for morally distinguishable assets—natural resources as undeserved common assets, for example, and earned income as the fruits of our proprietary labor, with progressivity thrown in to serve as a rough proxy for luck. Could this serve as a reasonable institutionalization of Dworkin’s equality of opportunity?

It’s possible, but note that this still does not provide an argument against unconditional distribution of the value of natural resources, and it still doesn’t help us understand the opposition of liberal egalitarians like Rawls and White, who make no distinction between the moral status of different kinds of resources. Without advancing an account of property rights that basic income recipients can be shown to violate, it does not appear that reciprocity advocates can claim that basic income recipients take something to which they are not entitled. Is it instead the case that basic income recipients who do not work fail to perform a duty that they owe?

b. Failure to perform a duty we owe

Is there a duty to work that basic income recipients fail to meet? Social democrats argue that all citizens have a duty to work in the public sphere to contribute to the social project and help promote the economic productivity required for all social benefits. This is a powerful argument and, as Robert J. van der Veen's notes, the logical conclusion of the reciprocity principle: universal work requirements must be imposed if no one is to be allowed to exploit the fruits of social cooperation without contributing in kind.²⁵ But liberal egalitarian reciprocity activists call only for *selective* work requirements. Why would only basic income recipients have a duty to work? Is it because only they make claims on communal resources?

Interestingly, the imposition of selective work requirements only for those who receive basic income assumes that basic income is a selective benefit. It assumes the existence of two stable classes over time—those who work and receive no basic income, and those who receive basic income and do no work. If fails to recognize that basic income is a universal benefit, available to all whose incomes fall below a certain amount for whatever reason, at any time. For those who choose to work and to earn an income higher than the basic income, it may serve only as insurance against unemployment or underemployment, but it also makes possible a leave for education, family, or personal reasons, or a switch to part-time work.

Furthermore, the imposition of selective work requirements only for those who receive basic income also ignores the many other benefits that are communally financed and yet are available to those who do not work. If the recipients of basic income must work to reciprocate for their benefits, why not the recipients of other communally

²⁵ Van der Veen, "Real Freedom versus Reciprocity."

provided goods, services, and financial preferences, such as police protection, health care (in those civilized countries that actually provide universal health care), and the tax expenditures that are currently receiving much-deserved scrutiny in the U.S.? Society engages in many forms of public goods provision and economic distribution that benefit classes of individuals without submitting each to a work test. Why should the work test be reserved for recipients of basic income alone?

Finally, advocates of selective work requirements fail to make a convincing case that paid employment is the appropriate form of reciprocity for basic income. This, together with the absence of any criteria about the kind of job that counts as a social contribution other than that it is paid—which includes, one assumes, tobacco marketing, handgun manufacture, and other nefarious though legal activities—adds up to an apology for the status quo in which the behavior of the poor is subject to intrusive scrutiny while those with economic resources enjoy privacy and liberal neutrality about their life choices. There is an argument to be made for this kind of economic paternalism—it has in fact been the dominant paradigm in U.S. welfare policy for decades—but it is clearly inimical to the principles underlying liberal egalitarianism.

If the reciprocity principle relies for its justification on a Kantian ethic, it must result in a universal, rather than a selective obligation, and in a more expansive understanding of social contribution than merely paid employment. The fact that reciprocity advocates argue instead for selective work requirements for recipients of income benefits only suggests an implicit theory of property rights closely aligned with the libertarian entitlement theory of property rights, unless the ethical justification is in

fact secondary to or merely a fig leaf for the political justification for the reciprocity principle.

5. The politics of unconditionality

If the ethical case for the reciprocity principle fails to withstand close scrutiny, is there a political rationale for the principle that holds up under examination? As Stuart White notes,

It may be true that, morally speaking, the rights of economic citizenship must be in place before we can fairly enforce reciprocation for benefits received. But politically, in some societies at some times, the logic may work in the other direction. It may be necessary to enforce the notional claims of reciprocity, through work, before (more affluent) citizens will consider the redistribution necessary to secure the rights of the disadvantaged.²⁶

An unconditional basic income is a radical revision of the full employment aspirations held by most democratic governments in the second half of the 20th century.

Unconditional payments to all members of a society are not the norm, although the Alaska PFD suggests that under some circumstances they can be normalized. If, as White quite reasonably suggests, affluent citizens who are unlikely to see themselves as basic income beneficiaries resist unconditional benefits, if not any form of redistribution at all, it may be for one (or a combination) of the following reasons. First, the affluent may be skeptical of the need for a basic income—skeptical, that is, that jobs are not available for all who seek them—and so require proof in the form of a monitored willingness to work to believe that redistribution is even necessary. This skepticism is a key element of the dominant paternalism in welfare policy analysis in the U.S., as exemplified by Charles

²⁶ White, *Civic Minimum*, pp. 151-52.

Murray and Lawrence M. Mead.²⁷ Second, the affluent may fear the collapse of the economic system if all are offered the opportunity to receive a basic income without having to work. This is a common objection to basic income, which fails to appreciate the work disincentive effects of many existing conditional and means-tested benefits. Both are reasonable concerns that are partly empirical in nature and may partly result from a lack of clarity around the amount of the basic income grant and lack of understanding about how its disincentive effects compare to alternative income security schemes. I won't take the time to discuss them further here since neither is likely to be resolved by a consideration of the basic income's funding source, and we'll be hearing a rebuttal of its supposed disincentive effects from Charles Karelis on Saturday morning.

The strongest resistance the affluent are likely to have about a basic income is to contributing what they consider to be their own resources to the funding of a basic income, and it is to countering this objection that a shift in funding sources may have the greatest effect. What the Alaska PFD example suggests is that the affluent object not to unconditional cash payments, but to unconditional cash *transfers*—transfers from themselves to others they feel may not have need or share their work ethos. The recollections of men involved in the establishment of the Alaska PFD illustrate this point. Governor Jay Hammond, who wanted the PFD to be larger than it ended up being, wrote in his memoir, referring to critics who called the PFD “socialistic:”

Alaska's dividend program is, of course, anything but socialistic. Socialism is government taking *from* a wealthy few to provide what government thinks is best for all. Permanent Fund Dividends do just the

²⁷ See, e.g., Murray, *Losing Ground: American Social Policy, 1950-1980* (Basic Books, 1984), and Mead, *Beyond Entitlement: The Social Obligations of Citizenship* (Free Press, 1986), and Mead, ed., *The New Paternalism: Supervisory Approaches to Poverty* (Brookings Institution, 1997).

opposite. They take from money which, by constitutional mandate, belongs to *all* and allows each individual to determine how to spend some of his or her share. What could be more capitalistic?²⁸

(Sounds like a left-libertarian, doesn't he?)

Dave Rose, the first director of the Alaska Permanent Fund, recalled the discussions about whether the APF should invest in economic development rather than distribute a dividend, and whether the dividend would help keep government small, the goal of Governor Hammond and one of his allies, state representative Clem Tillon. They thought that by creating the dividend instead of giving the oil revenue to the government for legislative allocation, the government would have to levy income taxes for expenditures, which the taxpayers' desire for low taxes would keep in check. "The government shouldn't be bigger than the public is willing to pay for. And therefore give the money to the people and then you take back what they'll let you have (in taxes),"

Rose quotes Tillon as arguing.²⁹ Rose disagreed:

The hidden problem with the Hammond-Tillon idea of imposing income taxes while continuing to pay the dividend...was that the state would put itself in the business of redistributing wealth....Suppose the state were to give a flat dividend while simultaneously taking residents' income with a progressive tax. Residents in higher income brackets likely would pay more tax than they received in dividends, while dividends paid to middle- and low-income Alaskans would exceed the amount of taxes they were paying.

(Sounds like a basic income, doesn't it?) Rose continues:

The result would be to take income from wealthier people and give it away to anyone who made less money, even if they did not need it. Only a small percentage of dividends go to poor families. I don't object to paying taxes for needs-based programs that are designed carefully to alleviate

²⁸ Hammond, *Alaska's Bust Rat Governor*, p. 254.

²⁹ Rose, *Saving for the Future*, p. 122.

poverty. I *do* object to paying taxes simply to spread my money around to anyone who wants some.³⁰

In the end, Rose's preference prevailed: Alaska has no income tax.

Does the Alaska experience suggest that the affluent will be less resistant to a basic income if it is funded by resource revenues? Yes, but perhaps only as long as those resources are regarded as *public* resources, and not already privately owned. In the U.S., the Department of the Interior reports that income from oil, gas, and other leases for resources on federally owned land amounted to \$11.2 billion in 2011.³¹ (By comparison, the APF's value now stands at about \$40 billion, and \$800 million in earnings was allocated to spend on the 2011 dividend for fewer than 700,000 eligible residents.³²) Right now, that income goes toward government expenditures, and would have to be replaced with tax revenue or spending cuts if it were diverted to a dividend. The easiest road for the adoption of a resource dividend would seem to be identifying new resources whose revenues can be diverted away from the general treasury fund and into a dividend before anyone begins to take a proprietary interest in it—as was the case in Alaska.

Whose money is it?

If natural resources are already privately owned, or publicly owned but already appropriated for other purposes, we have a harder road ahead of us, and we need the left libertarians to keep at it. This is where it appears that the left libertarian approach—arguing for some form of egalitarian natural or external resource entitlement is likely to have an edge over the liberal egalitarian argument for egalitarian entitlement to all

³⁰ *Ibid.*, pp. 122-23.

³¹ Office of Natural Resource Revenue website, www.onnr.gov, accessed April 27, 2012.

³² Alaska Permanent Fund Corporation website, www.apfc.org, accessed April 27, 2012.

resources, external and internal. If we tried to institutionalize Rawls' difference principle, the result would likely be highly progressive income, wealth, and inheritance tax rates on the affluent and highly subsidized wages for unskilled workers. Of course, this kind of regime only sounds farfetched to Rawls' compatriots in the U.S., while some variation of it is the norm in many European social democracies. As noted above, however, those social democracies include as part of this regime a norm of universal work, albeit one that has been difficult to fulfill under contemporary economic conditions. And, as I have argued, Rawls, Dworkin, and their mainstream liberal egalitarian colleagues also endorse a duty to work, albeit a selective one. Given the extreme egalitarianism of their theories in the highly individualist context of the U.S., this is perhaps inevitable. In this context, the best we might hope for is a kind of Dworkinian-left libertarian compromise of unconditional benefits funded by external resource taxes, and conditional benefits funded by income taxes.

6. Conclusion

Some basic income advocates, like Van Parijs, are concerned that resources taxes don't yield a basic income high enough to achieve the real freedom he advocates. My own fear is that absolute property rights are so ingrained in liberal democratic theory that they will be difficult to overcome in situations that differ from Alaska—where natural resources are already owned or appropriated. And this is where I feel that both left libertarianism and liberal egalitarianism have responded weakly to right libertarian theories of property rights. In the typical Lockean interpretation of property rights, under conditions of abundance, all have a right to appropriate as much as they can as long as there is enough and as good left over for others. Under conditions of scarcity, that right is

maintained as long as those who can no longer appropriate benefit from the private appropriation of others. In other words, what begins as an absolute right under conditions of abundance becomes a contingent right under conditions of scarcity. It is this recalibration of property rights that I believe liberal egalitarians have not given enough attention to, but that is essential to make the case for a substantial basic income. We need to foreground the consequentialist argument for property rights, and then subordinate them to their utilitarian justification. I believe this requires a feminist refutation of the principle of self-ownership that underlies both right and left libertarianism, but also liberal egalitarianism. Until that happens, a resource dividend that comprises at best a partial basic income funded by the Dworkinian-left libertarian compromise may be the best we can hope for.