

The Social Contract Revisited

A Community-Based Guaranteed Income

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Executive Summary

- A guaranteed income (GI) is usually defined as an income provided by a government to all adult members of a given nation at a uniform, fixed level, and at regular intervals.
- GI is often viewed as an individual right or an entitlement. This view of GI is based on a morally incomplete language which does not account for the responsibilities that society members have to one another, as families, friends, and members of both, immediate and more encompassing communities.
- There are different levels of responsibility that we hold to members of our own communities compared to those owed to other communities. These multiple layers of responsibility to various communities are what I call the 'communitarian differential', and should not and cannot be nullified for both principled and pragmatic reasons.
- Grounded in this 'communitarian differential', a community-based GI public policy would have several advantages over a 'rights-only' GI. It would:
 - shore up community loyalties;
 - be supportive of women and families;
 - avoid the stigma produced by means-tested welfare programmes;
 - be more politically sustainable than means-tested welfare programmes.
- The level of GI would be a matter for public policy to be set by various communities, and would depend on various factors, including the economic well-being of the community, as well as the extent to which members of the community are committed to reduce poverty within its ranks.
- A GI, even at a relatively high level, may not be sufficient to lift people out of poverty; a policy that provides for ownership of assets, especially a residence, may be needed for this purpose. Adding some kind of stakeholding component to GI might be called for in certain communities where poverty alleviation is a particularly high policy goal.

A Community-Based Guaranteed Income

Analysis of the problem

Guaranteed Income (GI) is usually defined as an income provided by a government to all adult members of a given nation at a uniform, fixed level, and at regular intervals. In policy terms, GI differs from other government-based social programmes in three ways:

- it is not means tested; that is, it is paid to people of all income levels at the same fixed rate;
- it is not contingent upon a demonstrated willingness to work; and
- it is paid to individuals rather than to households.

GI as public policy is typically characterized as a socio-economic right of an individual, or an entitlement provided by the legitimate institutions of a given polity. Many authors have supported GI on the grounds that it is a 'human' or 'natural' right, or some other variation of the basic rights argument.

Analysis reveals that these various rights-based arguments are predicated on a morally incomplete and sociologically inaccurate vision of society. By contrast, this brief advocates and analyzes a GI which both reflects and arises out of the responsibilities we have to one another as members of both smaller and more encompassing communities. This community-based analysis of GI gives rise to numerous implications for public policy.

A communitarian perspective on rights and responsibilities

Some wrongly assume that communitarians stand against individual rights and only for communal responsibilities. This misconceived and reductive understanding is further enforced by the fact that some Asian communitarians have actually taken this controversial position. In fact, responsive or neocommunitarians, myself included, stand strongly in favour of rights. However, we hold that the language of rights is, by itself, fundamentally morally incomplete. Society's members also have

responsibilities to one another, as families, friends, and members of both immediate and more encompassing communities.

In short, rights and responsibilities go hand in hand. In our view, a good society is based on a careful balance between these two core values, rather than being centred around a single core principle (i.e. liberty).

Communitarian differential

The communitarian view of GI as a communal responsibility that society's members have to one another is grounded in the moral philosophical position that there are different levels of responsibility we hold to members of our own communities compared to those owed to other communities. Although there are some responsibilities we have to all human beings, these do not preclude additional responsibilities to members of our family, our immediate community (such as town or ethnic group or religious congregation), and even to more encompassing but not universal ones (such as nation, often defined as a community invested in a state).

These multiple layers of responsibility to multiple layers of communities are what I call the 'communitarian differential'. The 'communitarian differential' should not and cannot be nullified – although it can be reduced – for both principled and pragmatic reasons.

Principled and pragmatic grounds of the communitarian differential

Some ethicists have directly (and some others implicitly) advocated a position that envisages a pan-human responsibility on a strictly universal level. These scholars argue that we owe no more and no less to someone who lives on the other side of the world than we owe to someone in our own community. This anti-particularistic position is philosophically false, empirically troubled, and potentially morally dangerous.

Membership and participation in community are at once fundamental to human functioning and essential for the development of identity, character, and human fulfillment. From this emanates a moral responsibility to nurture and sustain community and the particularistic responsibilities without which community cannot exist.

The dichotomous opposition between particularistic and universal responsibilities, as advocated by the anti-particularists, holds only if we assume that one's position on this matter must be all-encompassing. There is no logical requirement to assume such comprehensiveness, and in social reality people often combine the two orientations. Thus, even if we have certain responsibilities to all human beings, we still have additional responsibilities to members of our own communities, whether local, regional, or national.

Furthermore, the type of moral heroism that the anti-particularists call for is empirically impractical and even potentially morally dangerous. Such excessive demands tend to backfire, causing resentment and detachment. Requiring that one and all become moral heroes in a world in which only few examples can be found belittles the just deeds of many.

The same must be said about the moral claims that call for income redistribution. An heroic ethic that makes excessive demands would lose whatever guiding power such normative rules can provide to make human beings more moral. Whereas a strict universalist advocates a GI provided equally for all, a communitarian approach recognizes the morality of accepting additional responsibilities to members of one's own community while seeking to modify the inter-community differential.

An example of the communitarian differential

In 1997, a school in Greenwich Village (a fashionable neighbourhood in New York City) decided to let go of a teacher for budgetary reasons. The parents reported to the school that they would raise the \$46,000 needed to keep the teacher. However, the New York Schools Chancellor ruled that such donations were unacceptable,

in order to avoid creating inequities between schools in poor and rich districts, and because such donations would undermine the willingness to support taxes (either at the current level or future increases) used to pay for the total school system. If parents wanted to make donations, they should make them to the total school system and not to 'their' schools, he argued.

Note that the issue is not whether Village residents should be allowed to neglect their universal duties and merely attend to their particular ones. The parents continued to pay taxes dedicated to the total school system. The opposite question is raised: should they be allowed to respond to moral claims made by their community to contribute additional funds to their particular school?

Communitarianism favours the type of behaviour by the parents in the case of the Village School. It seeks to reinforce the sense of community and responsibility via public policy, not only on a universal or national level, but on a particularistic or local level.

Which community?

The question may be raised as to which community we are referring? People are typically members of more than one community. Many communities are arranged like Chinese nesting boxes, with small communities 'located' in more encompassing ones, such as local communities within national ones. Other communities cross-cut, for example, membership in ethnic communities and work-related ones. In any event, GI can be the responsibility of one community (e.g., national) or it can be divided among two or more (e.g., national and local).

Policy implications of a community-based guaranteed income

Strengthening communal loyalties

A community-based GI public policy connects the well-being of individual members of a community to that of the collectivity. This link is derived from the fact that the ability to sustain a GI, and, above all, the level at which it can be sustained, depends in part on the economic health and growth of the community.

Communities rely more on mutuality than on voluntarism. Mutuality is a form of community relationship in which people help each other in a mutually beneficial way rather than merely helping those in need. Mutuality applies not merely to one-on-one relationships but also to one-for-all and all-for-one kinds of relationships.

Neighbourhood watch programmes (in which neighbours agree to watch each other's property) and anti-crime patrols (by community volunteers) are key examples of mutuality enacted and reinforced through public policy. By paying out equally to all members of a community, a community-based GI public policy reinforces mutuality, thereby strengthening the bonds of community. Note that these policies are not necessary public policies in the sense that they are governmental. Communities, especially relatively small ones, say the Amish, can use social associations, not for profit foundations and so forth, to guarantee a GI to all members.

Supporting families; empowering women

One of the special features of a GI policy is that the funds are allotted to individuals, whether they are gainfully employed or work inside the home. Although there has been some increase in the numbers of stay-at-home fathers, most homemakers are still women. Very often, homemakers receive little or no independent income and are consequently dependent on their husbands or male partners for income for their own needs and those of the household. GI mitigates this condition to some extent, by providing such homemakers with a stable, independent source of income.

The effect of GI on family life is a complex subject and there is no single correct way to balance work and family; each person and couple must work this out. However, it is in the interests of a good society to, through public policy, encourage and enable parents to spend more time with their children. One could make the case that paying homemakers a GI would encourage parents to drop out of the labour market or work only part-

time. This, of course, depends on one's views of the value of childcare at home versus childcare in a child care centre – a subject well beyond the reach of this paper.

Stigmatization of means-tested welfare

A community-based GI public policy would avoid the stigma created within communities by means-tested welfare systems such as Medicaid in US. It would avoid the tensions created by such policies concerning the differences between the so-called 'deserving poor' and those seeking to avoid employment. By contrast, American Medicare and Social Security programmes are GIs for the senior citizen community and successfully promote solidarity and loyalty within this group.

Political sustainability

Public policy programmes that rain equally on everyone are much more politically sustainable in democratic societies than those that carry water only for a specific segment of the population. In the United States, Social Security and Medicare, which cover all senior citizens (and by implication, eventually everyone) are so strongly supported that it is considered political suicide to even mention introducing means-testing, or otherwise diluting them. By contrast, welfare (which, in the US is a term associated with means-tested programmes) and Medicaid are very unpopular and constantly under threat of closer regulation or being cut altogether.

In Europe, the welfare state is popular because most of its services are provided to all, or at least all are potentially able to draw on it. In short, GI has a much stronger political profile than policy programmes that seek to tax those of means, and pay out only to the poor or other vulnerable groups.

Guaranteed income and the welfare system

Some commentators on the right propose GI as a replacement for means-tested welfare programmes. Charles Murray of the American Enterprise Institute advocates a plan that would make a \$10,000 annual grant to all Americans of 21 or older, of which \$3000 must be used for health care, and envisions

it as a replacement for the welfare system.¹ From a communitarian viewpoint, however, there is no reason for GI, especially at low levels, to replace means-tested welfare. For the sake of fighting poverty, it can be usefully combined with means-tested programmes.

Determining the level of GI

The more that communities are involved in the decisions concerning how public funds are to be used, the greater the social pay-off.

A communitarian GI encourages communities to build and exercise their communal and civic muscles. On a communitarian assessment, the level of GI would be set by the community, and would therefore depend on various factors including the economic well-being of the community, as well as the extent to which members of the community are keen to fight poverty within its ranks.

It should be noted that a GI can be given to all, long after poverty is overcome, at ever higher levels of income. For instance, an oil-rich nation like Norway or Kuwait could give each member an income twice or three times above the poverty line and ensure a very high quality of life for all citizens.

Stakeholder society

A GI public policy, even at a relatively high level, may not be up to the task of integrating people into a community; ownership of assets, especially a residence, may be needed for this purpose. GI might be usefully extended or modified to provide some assets to all members of a community. The idea of a stakeholder society, would, instead of only providing people with a monthly income, also provide them with an asset that has the potential to grow, such as a very basic house or shares in a mutual bond or some other form of capital.

After endorsing the idea rather publicly in 1996 and 1997, when the notion of a stakeholder-based corporate approach was first gaining popularity, Tony Blair went on to implement several pieces of policy over the course of his term as prime minister that are intimately related to a stakeholder society. Most notable among these is the Child Trust Fund (also known as the 'baby bond'), introduced in 2003, which pays £250 into a fund for each child born. The funds, which are invested and controllable by the baby's parents, become accessible to them only once the child reaches 18 years of age, ensuring that the funds will grow to much more meaningful levels.

Adding some kind of stakeholding component to GI public policy might be called for in certain communities where poverty alleviation is a particularly pressing concern.

1. Murray, C. 'A Plan to Replace the Welfare State', *Wall St Journal*, 22 March 2006.

The Foundation

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A study by Richard Posner ranked him among the top 100 American intellectuals. His voice is frequently heard in the media, and he is the author of numerous books, including *The Active Society*, *The Moral Dimension*, *The New Golden Rule*, and, most recently, *Security First: For a Muscular, Moral Foreign Policy* (Yale, 2007).

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