

Interrogations for Equality Seminar Session 5. Wealth (re)distribution: Capital Grants

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Gina Schouten

Ackerman and Alstott argue that stakeholding would constitute a great improvement in the equality of opportunity (“to shape [one’s] outcomes as she thinks best”) enjoyed by members of our society (*The Stakeholder Society* 24). There are a couple of issues pertaining to equality of opportunity in a stakeholder society that I hope we will have a chance to discuss more fully.

I first wonder whether equality of opportunity is enough. Though equal opportunity is an intuitively appealing ideal, it seems that the appeal only exists after we have all attained a certain threshold of well-being. I would argue that we have a duty of justice to ensure that nobody suffer very severe deprivation, even if we are quite sure that the sufferer is responsible for that deprivation. Suppose a citizen squanders her stake and is otherwise unable to meet her basic need. Suppose, in addition, that she is responsible for being in such dire need. It seems at least plausible that we ought to take steps to ease her suffering as a matter of justice, and not merely as a matter of charity. This suggests that there is a threshold beneath which we should not afford individuals the “freedom to fail.” It might also suggest that stakeholding is an appealing mechanism of redistributive justice (if at all) only after other comprehensive social services are already in place.

Secondly, it seems to me that we have some good reasons to doubt that stakeholding will constitute such a large step toward equality of opportunity. In our current social environment, isn’t there a legitimate worry that stakeholding would actually exacerbate inequality of opportunity? Wouldn’t we essentially be providing the privileged with greater means by which to enhance their advantage, while providing the less privileged with a sum of money which they are likely to be ill-prepared to convert into advantage (due to, for example, inequality in educational outcomes, particularly learning outcomes from “what-to-do-with-your-stake” classes)? Moreover, aren’t the less privileged likely to have urgent demands on their stake which prevent them from investing it in their human capital? If so, we may have reasonable reservations about the equal opportunity effects of implementing stakeholding absent other interventions.

Ed Connery

There is a definite internal consistency to the proposal for a stakeholder society. Focusing on the perspective that – as is rightly pointed out – money matters, one can find good reason to believe that an equitable distribution of this critical resource at the start of adulthood might represent a move toward individual empowerment and fuller participation in the life of the nation. Furthermore, there is considerable merit to the notion that a tangible, monetary stake in the life of the community could significantly improve the sense of a shared future and a genuine interest in the common good. It may even serve as a sort of educating and edifying motive for the nation’s youth to keep their noses clean and place them firmly upon the grind stone.

And yet, the proposal is committed to an unwarranted assumption that drags down the entire concept like a pair of cement boots.

At the very heart of this proposal rests the assumption that contemporary, American, middle-class values and norms are desirable and justifiable prerequisites for participation in the life of the community. Ackerman and Alstott make this quite clear in their assertion that underprivileged youth will continue to improve their chances for success in life and lessen the impact of widespread social tensions because “as they prepare to claim their stakes, more poor children will conform to middle-class values...” (*Stakeholder Society*, p30) The proposal found in *The Stakeholder Society* is rife with assertions that contemporary middle-classness – defined primarily be property ownership – is the ideal toward which society and individuals should strive. It seems ironic that the argument claims to promote individual dignity and liberty when, in fact, the exaltation of middle-class values is an explicit endorsement of a social scheme that defines one’s value on the basis of *property*. This stands, for me, in stark contrast with a more basic assumption that any and everyone should be presumed equal and allowed to participate simply by virtue of her/his natural, individual worth as a human. Though I hesitate to accept basic income as an ultimate solution it seems to stand on much higher moral ground by aiming to sustain life-long empowerment of individual lives and aspirations; rather than the manner in which stakeholding asserts the primacy of American middle-class norms combined with a one-time shot at either propertied success or “blowing it.”

There is nothing necessarily invalid in Ackerman and Alstott’s assertion that a certain set of norms is desirable and worth cultivating, enabling, and reinforcing. A large part of childrearing, socialization, and education are based on the notion that there are forms of knowledge, patterns of behavior, and social values worth recreating in the next generation. There is nothing obviously wrong with a community protecting and recreating its defining cultural markers. However, in this circumstance, I cannot accept the assumption that contemporary middle-classness *per se* is a value system worth propagating. I would suggest that American middle-class identity has no objective, demonstrable claim to the position as the most desirable cultural norm. There are any number of alternative values and norms that could compete for moral superiority and/or lay claim to serving the interest of justice more meaningfully.

Jeffrey Grigg

In his recent speech to Congress, Barack Obama proposed making health care mandatory for all citizens (this was shortly before Joe Wilson [R-SC] shouted “You lie!”). The reasoning he uses to explain his position is very pragmatic, but in principle he proposes restricting the ability of people to gamble with their health:

“Now, even if we provide these affordable options, there may be those -- especially the young and the healthy -- who still want to take the risk and go without coverage. There may still be companies that refuse to do right by their workers by giving them coverage....

And that's why under my plan, individuals will be required to carry basic health insurance -- just as most states require you to carry auto insurance....But we can't have large

businesses and individuals who can afford coverage game the system by avoiding responsibility to themselves or their employees. Improving our health care system only works if everybody does their part.”

(I've cut out some of the explanation, but the whole speech is available at:

http://www.whitehouse.gov/the_press_office/Remarks-by-the-President-to-a-Joint-Session-of-Congress-on-Health-Care/).

The federal government already strongly encourages employer-provided health care via the tax code, so the employer mandate targeting irresponsible companies was less striking to me. The mandate for irresponsible individuals, however, got my attention, since it struck me as a fairly substantial change in the government's approach. If one accepts the claim that insurance works best when more are insured so risk can be distributed (rather than avoided, as the pernicious “preconditions” strategy currently does), and believes that insurance companies are more likely to swallow reform if new markets are opened up to them, then one accepts the claim that reform will work better if more participate. But here Obama provides a mandate, adopting a paternalistic approach in the best interests of not only the individuals who will have insurance but those who would have had insurance anyway but who will be more secure if more healthy people are insured. He proposes restricting a citizen's liberty to forego health insurance, because exercising that liberty is potentially harmful to oneself and to others (see Gina's interrogation last week on limits to “real freedom”). This seems to me to be a warranted restriction of individual rights; in some cases one should not have the right to engage in behavior that puts oneself or others at risk. The so-called “freedom to fail” is a dubious one to me.

Imagine my chagrin when I read the New York Times today: “In Some States, a Push to Ban Mandate on Insurance” (http://www.nytimes.com/2009/09/29/us/29states.html?_r=1&hp) (I hesitate to draw from the Times again in an interrogation, but I couldn't resist). A number of state lawmakers have introduced measures to oppose mandates for health insurance (and government-provided health insurance). One such lawmaker, Tom Emmer from Minnesota who is responsible for the “Health Care Freedom Act,” offers the following, “All I'm trying to do is protect the individual's right to make health care decisions. I just don't want the government getting between my decisions with my doctors.” Obviously his rhetoric is tangled and he's more concerned about government-provided health care—how else would he have doctors for the government to interfere with?—but is there a serious case to be made for protecting an individual's right not to spend some of his or her available money on health insurance? Try as I might, I just can't see it; not only might it be harmful to others, but if the responsible person were to get sick and show up at the emergency room, we would have a moral obligation (even if not a legal one) to provide care.

If Cunliffe and Erreygers are right that one's “choice between basic capital and basic income is determined largely by different conceptions of personal responsibility and paternalism” (89), then I favor basic income. Opportunities of course matter, but so do outcomes, and I hold little stock in preserving the “freedom to fail.” Moreover, I think many in many cases “failure” is influenced by structural influences or barriers rather than squandering or stake-blowing, so my view of how the world works influences my interpretation of personal

responsibility (for more on how one's choice of explanation influences one's position, see Harry's article, particularly page six and following—I've gone on long enough).

Justin Lonsbury

While reading Ackerman and Alstott's plan, I kept thinking about George W. Bush's post-9/11 suggestion that we all go shopping. Like Bush, Ackerman and Alstott reduce citizenship to consumption, and people to their ability to participate in an economy. While the stakeholder plan's implementation would likely be less dystopic than the status quo, it's hard to get excited about neoliberalism in any form, even if it's a nicer neoliberalism. People will still be competing against each other, and markets will still concentrate wealth in the hands of a select (supposedly meritorious) minority. There will just be more people who have the opportunity to be one of the select few. I suppose that granting more people a chance is a good thing, but it's sad to see this offered as real utopian thinking.

Perhaps most odd was Ackerman and Alstott's discussion of education and its role in the stakeholder scheme. Adding the requirement that people earn a high school diploma before being granted their stake seems like an ironic decision for people who want to help the least advantaged. Suppose a child's parent(s) squander their stake(s) and cannot provide a decent home and a supportive environment. Let's say that, as a result, the child has to drop out of school to help provide for his or her family. Should we really make the kid forfeit \$80,000 for his parents' poor decisions and for making the (right?) choice to work to help make ends meet? Ackerman and Alstott suggest, "As they prepare to claim their stakes, more poor children will conform to middle class values, and the transition to better racial and economic integration will thereby be eased" (Chapter 2, p. 30). What, exactly, does that mean? By "middle class," do they mean "white"? And, might these "middle class" values be a luxury for people who are struggling? What are these values, anyway? Consumption? Competition? Those are certainly not values I want to instill in my children, let alone generations of citizens.

Still on education, Ackerman and Alstott suggest that a national exam might be a good idea if high school diplomas become too easy to earn, even going so far as to say that this might be a "happy consequence" of their plan. High stakes tests do little to help the vast majority of the disadvantaged. Furthermore, if such an exam were instituted, whose knowledge would be represented on the test? How can we be sure that what is actually taught in schools would be what was tested? How could we guarantee that the test was culturally sensitive? How would people respond if huge numbers of poor minorities failed the test? Would it be their fault, justifying their loss of \$80,000 each? How could we guarantee that all students, even those in poor schools, received the kind of education that would allow them to pass a national exam? What might have to be sacrificed to teach to a national exam? If it is justice that Ackerman and Alstott want, a national exam is a lousy idea. I'm also thinking that the quality of the "how to use my stake" class would vary widely across locations. I don't think that's a great idea either.

I guess I just wish that Ackerman and Alstott weren't so willing to let people fail. In their (largely unsuccessful) effort to level the playing field, they didn't give nearly enough attention to the outcome of the game. Furthermore, it doesn't seem like Ackerman and Alstott

have much real experience in varied educational settings. If they did, I doubt they'd talk about education like they do.

Alex Hyun

I found the readings on Bruce Ackerman's and Anne Alstott's proposal really interesting. One of their points that especially impressed me was their response to the stakeblowing objection. Before reading their essays, the fear that a large number of citizens would simply blow their stakes on gambling, fancy sports cars, and expensive shoes was enough to make the stakeholding proposal unappealing to me. But several details of their proposal have made me much less worried by this objection. (1) Youth would be trained on how to use their stakes, whether that be through school or casual interaction with their elders. (2) A prerequisite to gaining full control over one's stake is graduating from high school. This would keep stakes out of the hands of those most likely to handle it unwisely. (3) The \$80,000 stake would be given to the stakeholder over the course of 4 years in \$20,000 increments. This would allow the stakeholder learn from the experience of handling large sums of money. Yes, there would still be people who blow their stakes. But this is not a good reason to withhold stakes from the many, many citizens who would strive to use it as wisely as they could to pursue their own conception of the good.

With the stakeblowing objection answered, I'm now mostly worried about feasibility, which leads me to a question about the proposed funding for this proposal. Ackerman and Alstott say they propose to fund the stakes in two ways. First, and primarily, they will implement a 2 percent tax on each person's wealth in excess of \$230,000. Second, they hope that in the long run the stakes would be funded by a "payback requirement," which would require "stakeholders who have done well with their \$80,000" to pay it back with interest upon their death. I have a question about the second part of this funding proposal. Regarding the "payback requirement," I'm curious how Ackerman and Alstott propose to address the obvious worry that most elderly people approaching death would simply give away all their money to their loved ones, thus avoiding having to pay back their stake. I think that they would respond by saying that elderly people will *want* to pass on their stakes to the next generation since, upon reflecting on the role stakeholding played in their lives, they would be filled with "a patriotic determination to pass on the heritage of stakeholding to the next generation" ("Why Stakeholding?" p. 51). But I just find it implausible that loyalty to society would win out over loyalty to close friends and family, except in rare cases. Perhaps they could set legal restrictions on gift-giving in the way that Francois Huet proposed ("Basic Income? Basic Capital!" p. 99)?

Kelly Robbins

Cunliffe and Erreygers make what I think is a very salient distinction in their imagined dialogue between Huet, Van Parijs, Ackerman and Alstott, and Charlier. The "Moderator" recognizes two basic approaches to determining the level of BI/SG where: (1) the available resources are divided equally among eligible recipients, the resulting figure is the share, or (2)

the share for each person is set at a some level necessary (sufficient?) to meet the goal of the policy and multiplied by the number of eligible recipients, the resulting figure is the amount of resources needed to fund the project.

The authors claim that Ackermann and Alstott's stakeholder grant plan utilizes approach (2), and therefore requires a certain flexibility about how to raise funds. I am skeptical that great flexibility in principle translates to practical flexibility. Especially given my sympathies to complaints like Bergmann's, that point out the priority of safety-net programs over SG (and BI), I find it quite plausible that no amount of fundraising flexibility will make a large SG possible. If only a much-reduced SG was possible, would Ackerman and Alstott's arguments still support it? My inclination is to say no, the stake has to be big enough to actually promote liberty for their arguments about (economic, citizens') liberty to function as support. Not just any amount will do this – the amount must be large enough to be a buy-in to the economy.

Is every SG proposal like this? Cunliffe and Erreygers don't think so, as they characterize Huet as taking approach (1). I think the only way that this is not disingenuous is to take Huet to have more than one goal in mind. If it turns out that his dotation doesn't put "all young adults on an equal initial footing" as he is confident it will, it will still function to redistribute inheritances in a more equal way. This can no longer be said to be a liberty argument, however.

What I think this points out is that approach (2) is always invisibly constrained by approach (1) – that is, in an instituted program, the share set at a necessary level multiplied by the recipients cannot, practically, exceed what is available divided by recipients. (Though resources available could exceed the necessary level...in this case perhaps additional programs should be introduced.)

David Calnitsky

If the debate between BI and SG is between the paternalism objection and the alienation objection, then it seems to me that the latter is far more serious in terms of real freedoms lost. In fact, I haven't ever assumed that the critique of the cradle-to-grave welfare state as paternalist was at all serious. So I was quickly convinced by White's attempt to justify paternalist intervention via his prudential general will: with some sober reflection I could easily justify some insurances on the irreversible consequences I would doubtlessly suffer if ever given a SG. White also makes a good case for those "freedom-preserving paternalisms" which diminish the alienation problem, such as shifting the SG into a development grant (here the good of reducing alienation seems to outweigh any bad of mild paternalism). This would guard against stakeblowing, but not as he notes, against stakelosing. To me, the potentiality of both forms of "alienation" seems terrible, though White doesn't mind the second one as much because of the "intrinsic attractiveness" of making major investments.

In general, White's arguments seem strongest when presenting the problems with the possibility that citizens alienate the material basis of their real freedom. This is why it was unclear to me why White wants to begin with the SG and hybridize it with elements of BI, rather than, say, the other way around. Surprisingly, he doesn't devote much time to the specific problems of BI (aside from the mention of the free-rider problem), and he doesn't devote much

time to specifically justifying SG (aside from the aspiration in the conclusion to build a society in which all citizens have the virtues of property-owners).

Also, it didn't really come up last week, but I was hoping to talk about how self-sustaining both BI and SG could be, especially in the face of capital flight and capital strikes.

Miriam Thangaraj

In comparing the two proposals of basic income and basic capital, I prefer the latter because I find the idea it represents, of control over production or ownership of self, powerful in terms of its ability to challenge the economic structure. Basic income, on the other hand, while offering greater protection against mistaken decisions, may keep the individual at subsistence levels, unable to have a greater control over larger economic decision-making that may affect his life chances. With 80,000, I can have a say in the market, through my consumption or investment; with a few hundred a month, I'm less likely to have an impact on the structural characteristics that may have determined my lack of resources in the first place.

Basic income, while arguably incentivizing work, leaves the worst off as workers at best; basic capital turns everyone into capitalists. If I believe that equality is important, basic capital may succeed through dismantling structural hierarchy; basic income on the other hand, incentivizes work only by maintaining inequality, since it is differential consumption that motivates the individual to work despite a guaranteed subsistence.

However, I also have a few concerns about the basic capital proposal. Given that the effects of resources are most impactful in childhood, with childhood experiences having both latency and pathway effects in terms of one's life-trajectory, and given that control over one's destiny as well as a fair starting point for all is what basic capital aspires to, clearly this an important issue for the proposers of basic capital. However, the authors admit that the stakeholding proposal cannot compensate for childhood experiences. If equal freedom to shape one's life at 21 is what is key, then it is also key that this freedom is constructed similarly for all, and does not mean very different things to 21-year olds with very different childhoods. (The presence of a strong welfare state that protects children from the more damaging effects of fewer parental resources, or an intermediate proposal that pays out part of the stake in childhood as an investment for the future may help.)

Two, the basic capital proposal appears to place a high value on college education; it creates an incentive to attend college, by making available ready money for consumption. Given that education works through signaling just as much as through specific job skills, will greater numbers of college graduates end up devaluing a college education, serving only to push the threshold to yet another higher educational level?

Another potential issue with basic capital is its emphasis on personal responsibility worked out in the context of the market. However, can we assume the market to be the perfect arbitrator of returns, given the possibility of distortionary financial crises? What does that imply for personal responsibility?

I appreciated the emphasis on universality/globality in the historical predecessors of the basic income/capital proposals, which is missing in the more recent versions that are strongly

bound to nation-states and citizenship requirements. In a world of unequal trade relations and global revenue streams, when it could easily be that basic income/capital is funded by extra-national resources, how does one conceive of scaling up the 2 proposals beyond nation-state to cover everyone?

On another note, is there any empirical evidence from consumption or investment patterns associated with Bush's economic stimulus package of tax rebates (or Obama's tax credits) that would sway the basic capital/income argument one way or other (though clearly the terms are quite different, so perhaps this is not a fair question...)?s

Paul Gibbons

- 1) Many challenges rely on the highly questionable assumption that those who don't have to work, won't or will work less.
 - a. This is untrue in at least one trivial case where a worker would earn a subsistence wage Y (and hence turn to crime, or become 'long-term disenfranchised') – but if the wage were supplemented by BI and Y+ BI produced a dignified living wage, we'd expect this 'leg –up' to increase employment among this cohort.
 - b. The sociological evidence presented last week throws empirical doubt on this myth perpetuated by those who oppose an extensive welfare state (sort of the way 'socialized medicine' is mythologised). (Are unemployment rates in Sweden, Germany or other countries with extensive social welfare structurally higher? In the UK at least, 'base unemployment' – without recession – is similar) To be sure, the joys of working in a custodial job on a not-quite living wage, already meager, would be reduced, so we'd lose workers at the margin OR have to pay them more.....more on this below
 - c. It is my hypothesis that a culture of full participation – and of equal birthrights and the possibility of community – would motivate people through self-respect, feeling 'part of' rather than marginalized – we could hold it as an open question whether state current benefit recipients would work *much more rather than much less*.
 - i. It doesn't suffice to say 'but if we gave underemployed people today – with the current structure, class relations, etc – the money they'd blow it' – *that could be right, but could also say nothing about what they'd do if the desired shift in class relations and current culture were produced. Or, in yet other words, the effect of BI or CG on the persons under the status quo ante could be irrelevant.*
- 2) These schemes would entail a restructuring of society.
 - a. There would be a lower supply of menial jobs, for the *exit options* (Wright) market forces would push up wages for this work – this would result in an equalization of wages between middle and lower income workers because (presumably) some demand is inelastic and businesses and households that employ marginal workers would have to pay more from *their* disposable incomes.

Speculation: The increased taxation to fund these schemes would not redistribute as much as these economic effects...

- b. Analyses such as Bergman's imagine that these schemes leave untouched the basic structure of society, motivations, class, distribution of work, enterprise structure... she ignores the possibility of National Income growth through increased spending, education, investment and entrepreneurship from the people who benefit most. (not to mention increased physical and mental health, increased employment from entrepreneurship, a greater supply of carers removing the need for the state to so actively subsidise, etc etc) her economic analysis seems pretty weak in this regard...
- 3) Different life stages have different needs for capital versus income.
 - a. Early (20-30 say) – INCOME to assist with education and personal/ career development less dependant on work (people could make less financially driven choices early in their life which might be hugely beneficial in certain respects...)
 - b. Middle (30-45 say) – CAPITAL investment in businesses or homes or families (and prevents "les folies de la jeunesse")
 - c. Middle late: 45-65 – maybe little needed, in well established families/ careers
 - d. Late: INCOME in non-work years
 - e. Would/ should a good hybrid scheme reflect this??
 - f. How, without paternalism, or imposing this life plan could this work? Does this recommend CG over BI?
 - 4) Stakeblowing criticisms seem silent on current stakeblowing... Well off 21 year-olds (some of whom might blow 80k or much more in a year) are entitled to (or 'own') their resources - which relies further on inheritance being morally justifiable. This is far from a clear-cut assumption – if personal wealth is created through a mixture of public goods and private effort – then it seems immoral that the spoils be deemed an entirely private good. That ones capital stake in life depends not on personal hard work, achievement, investment and discipline but rather on the brute luck (Dworkin) of having been born in particular zip code is a question we might pursue. It seems we'd defend that kind of unearned good fortune and the right to squander that but condemn someone from another class who made similar bad choices?

Paul Hanselman

Two of my intuitions for preferring the basic income proposal to the capital grant:

1) Capital redistribution are unlikely to provide adequate equality of starting conditions precisely because there are other important facets of the intergenerational transmission of privilege.

This concerns highlights the tension in the capital grants proposal about at which age grants should be given. On the one hand, the grant must be given after sufficient time so that grantees are mature enough to reasonably bear responsibility. On the other, this time to maturation is a formative period in which brute luck plays a large role (namely, who you are born to), and differences in developmental experiences will provide different people with greater or less

resources for success with the initial capital. Now, the stakeholder proposals may improve the equality of these initial chances (compared to now), because parental wealth is a substantial determinant of children's formative experiences and capital redistribution policies may decrease inequalities in adult wealth. However, by design it will generate wealthy and poor parents, with consequences for the ability for citizens to capitalize successfully on their grant. (The stakeholder proponent can reply that education must be provided to equalize starting positions, but this becomes an ambition with dubious empirical support, given that factors outside of school matter a great deal for formative experiences, including socialization and cognitive development). Even if we imagine parents with equal levels of wealth, other characteristics are important for young adult's capacity to make use of the stakeholder grant: dimensions of human, social, and cultural capital come to mind. Granted, an analogous concern would apply to basic income (that the basic income would be more or less valuable to citizens due to productive capacities partly out of their control), but the BI scheme is a) less committed to equalizing initial opportunity per se and b) provides resources throughout life as parental-influences fade.

2) Basic income is more in line with equalizing human flourishing because flourishing involves learning and adaptation throughout life.

The premise here is that flourishing requires adaptation and learning over time through the interaction of an actor with an environment (this is an intuition inspired by some contact with American Pragmatist thought, largely through John Dewey). One implication is that what matters is equality in the facility to experiment over time—which might be restated as equality in the ability to cope with failure. In the economic realm, one galling feature of the current world is the vastly different capacities for failure among persons with different class origins, and I take one advantage of stakeholder proposal to be that everyone faces similar prospects (some form of destitution?) if initial investments are unsuccessful. However, even if a single substantial capital transfer isn't a "gamble" (Cunliffe and Erreygers, p. 104), it hardly seems well-designed to foster good living in the way I imagine. This line of thinking highlights some of the paternalistic dimensions of the Basic Income proposal (in that the state's role is to allow citizens the freedom to falter without failure), but it doesn't bother me much, though I'm not sure why not.

Catherine Willis

Emergency medical needs?

The idea of citizen stakeholding has its focus “in opportunities, not outcomes” (SS p 24). This is a very strong idea and interesting idea, which nonetheless requires that people actually be able have a relative freedom over what they choose to do with it and live the consequences of their choices. There is one case in particular which I think requires attention, and is briefly mentioned in one of the examples in RD. This is the use of a stakeholder grant (SG) to pay for health emergencies (RD, 79). While having the SG should an emergency arise is clearly better than not having one (and maybe that is reason enough for the SG from the point of view of equality), if our goal is creating equal opportunities, ignoring health is problematic. Here are a couple cases in which the SG can't create equal opportunities:

a) if someone gets very sick shortly after they get their SG, it will certainly help them heal; they have however lost an opportunity accorded to them as citizens, but it is hardly due to a bad decision on their part. (Similarly, someone may choose to spend it on an ill parent, etc.)

b) if someone is genetically predisposed to a particular illness and knows it, they may feel obligated to save that money because of the high likelihood of themselves getting sick and needing it for medical purposes.

These points raise the question of the social welfare context in which the SG operates, and seems as important to me as the details of the SG itself. While in and of itself SG clearly helps dissociate an individual's opportunity from the fortunes of their parents, it seems that we also need to create an environment which dissociates one's opportunities from other things (such as health) which are not the result of our choices. I feel that the importance that we give to these concerns in relation to the SG proposal really depend on who we must be most morally concerned for in society. In this case I am thinking of research in Milwaukee by Jane Collins for example on people living on welfare that pointed to the fact that so many individuals in this category are stuck in the employment trap because of personal health, or the need to care for sick, elderly or disabled family members.

The necessity of matching the social welfare context to the system selected, whether SG or BI is also mentioned in the conclusion of the BIBC article. I believe that the conclusion indirectly alludes to the fact that just because one has real opportunity to choose our path in life, we may not find it acceptable that someone who makes a mistake live an inadequate life as a result. At least for me, no matter how much equality of opportunity exists, the social safety net (and not charity as Charlier argues) remains necessary.

Piko Edwoodzie

This week's readings discussed the possibilities of stakeholder grants. Ackerman and Alstott made a convincing argument for their proposal. Several points particularly stand out. One, the stakeholder grant would be the only social service that seeks to assist young adults. Two, the stakeholder would speak to wealth inequality, which is even more drastic than income inequality. Finally, I was more convinced (as compared to the promises of universal basic income) of the non-monetary benefits of the stakeholder grant, particularly their assertion that the stakeholder grant would serve as an extra deterrent for criminal activity.

I am not sure about their tendency to prioritize higher education over any other form of productive post-high school education. Also, if this proposal is for everyone, to what extent does it really come to the aid of those who are already marginalized, i.e. people of color, women, people with disability, non-heterosexual community, etc. To put it differently, how and where do we start given that we already live in a non-ideal society?

With both universal basic income and stakeholder grants, I can't help but feel that these options are simply throwing money at dire social situations. Is it really the case that if people had more money their lives would be better? Better yet if everyone had the same amount of "more money" would we see an increase in human condition? While proponents of both options, as well as

other writers have described some of the non-monetary benefits, it seems as if we are expecting the increase in people's disposable income to address more inequalities that it has the power to. How much "real freedom" can money buy?

Along similar lines, I can't help but think about Bergmann's critique of Basic Income. I am not referring to her assertions that we would not be able to afford both basic income (or stakeholder grants) and merit goods. I wonder how well a stakeholder grant would function without some merit goods. Should one be a priority?

Eunhee Han

It is a fascinating idea that all global citizens have equal right to the patrimony as a collective inheritance. However, the basic capital (stake holding) proposal emphasizes inevitably the individual responsibility to secure their own economic livelihoods since this proposal is based on equal liberty and individual autonomy argument. To me, it also sounds very harsh when considering highly competitive economic environment. First, how do we distinguish voluntary or deserved misfortune from involuntary or underserved one in managing their 80k grants? Most discussions in our readings concern about individual squander, laziness, immaturity, and work disincentives, don't care about highly suspicious the investment market or business world. Especially, the stock market is the world of probability like a gambling. If a 25-year guy invests his 80k grant to a specific stock or a real estate believing in the rule of investment - high risk/high return and he lose his all grant, is it deserve or unnerve? Second, Ackerman and Alstott claim that basic wealth can be mutually convertible. I don't think that the basic wealth can/should substitute for basic income if its true goal is to enhance macro freedom. Basic income and Basic capital should complement each other. Without basic security against involuntary misfortune (in forms of generous unemployment insurance, means tested cash assistance, social insurance, or basic income), individual cannot have access to the macro freedom even with 80k grant. So Basic Capital proposal should not weaken the existing basic safety net. In addition, the basic income shouldn't be converted to the one-time grant. Market is basically an uncertain world and public policy, I think, is a minimal collective effort to secure basic livelihood and dignity of human being against the heartless uncertain world. Do we want to throw our security to the random determination of dice?

Tatiana Alfonso

I want to focus my questions on the arguments presented by Ackerman and Alstott to support the "Citizen Stakeholding" proposal. Specifically, I find really persuasive the arguments related to the educational roles of stakeholding. I have four central concerns. First, which are the reasons to prefer the stakeholding system instead of a public policy of subsidies and incentives to attend the system of education? Second, I am interested in understand clearly what is the concept of "misuse" of the stake. Third, which are the mechanisms for the sustainability of the stakeholding system from an economic and political point of view? Finally, I would like to clarify the

theoretical and philosophical implications of the institutional solutions during the first generation of stakeholding.

1. Is the stakeholding system a better option than strong public policies in the system in education in order to guarantee equality of opportunities?

Ackerman and Alstott –committed to equality of opportunity- face up the challenge to build a serious liberalism that “(a) takes individualism seriously”, (b) recognizes that each individual’s starting point in life is shaped by a confrontation with his economic and educational opportunities, and therefore (c) grants the state a potentially constructive role in the just distribution of these opportunities”. They provide good reasons to endorse a “stakeholding public policy” that faces up the inequality of opportunities in the American society. Those reasons are related with the cultural and educational impacts that the stakeholding system could have on the young Americans and therefore, on the equal distribution of opportunities when they are becoming adults. My major concern is, why is the stakeholding system better than a system with incentives for people to go to the educational system? And what are the comparative advantages of the stakeholding system compared to a system of subsidies for access to education?

In general, the authors endorse a vision in which the stakeholding system is useful to guarantee the equality of persons at the starting point. This starting point is closely related with the access to the system of education and with the moment when a young adult come into the “economic maturity and demands a fair starting point as they begin full participation in society”. However, the theories of cognitive performance in psychology have demonstrated that the differential impact of the quality of education is significant after high school already. That is one of the strongest arguments to maintain the investments of the State in the educational system and not in stakes. The authors say that the stakeholding will have a revolutionary impact on education because the students will have practical and intense interest in fundamental economic planning. That is a great possibility. Nevertheless, if they have not had a high quality education in other areas, there is a chance that they can not take smart decisions for making their investments productive for their life. On the other hand, if the important decisions about the stake are related with the investment of money for life, Could the stakeholding system be complemented with special education for investments and reach its goal?

2. What does mean the expression “misuse” exactly?

I would like to clarify what is exactly the meaning of the term “misuse”. How would we define a bad decision for investing the stake? If the good decisions in the stakeholding system are those which increase the capital, would the system reinforce the capitalist system? What impact could the stakeholding system have on social classes and social stratification? I mean, there is a good chance that you have one group of people who take good decisions and make good uses of their stake, and that you also have other group of people who “misuse” the stake. Could it have any impact (positive or negative) on the social class structure? Could those results create and reproduce stigmas?

3. Which are the mechanisms to make the stakeholding system sustainable?

I am also wondering about the mechanisms to make the stakeholding system sustainable. Which are those mechanisms? If a great proportion of one generation, squander the stake and for that reason, they are not able to guarantee the access to education to their children, would the stakeholding system be sustainable (economically and politically)?

4. Coherence between the institutional solutions for the cultural dynamic

I totally agree with the necessity of institutional designs to assure the objectives of a particular public policy. However, I am wondering if are the institutional solutions to guarantee the first generation of stakeholding –like the graduation from high school as requirement to obtain the stake- compatible with the liberal statement about freedom?

Justin Horn

Ackerman and Alstott's comments at the end of Chapter Three got me thinking about Stakeholder Grants and gender equality. In particular, I wonder whether Erik Olin Wright's comments on Basic Income and class relations may have some analogy in the realm of gender relations. It seems to me that a decent case could be made that Basic Income could do more to positively reshape gender relations than Stakeholder Grants would.

There are several considerations here. First of all, women who are already in unequal relationships are vulnerable to having their stakes monopolized by men who identify themselves as heads of household, leaving them in a vulnerable position of dependence. Similarly, even without any unfair manipulation in the *spending* of stakes, some women may “blow” their stakes, leaving more room for relationships of dependence on male “breadwinners,” especially for women with dependent children.

Basic Income, in contrast, would have the distinct benefit of giving women a meaningful exit option from unhealthy relationships. The guaranteed economic security provided by a BI could allow some “bargaining power,” so that a woman needn't ever choose between staying in an unhealthy relationship and struggling to feed herself or dependent children. Just as Basic Income provides working class people with the freedom not to work, it could also provide some women (especially mothers) with the much-needed freedom not to depend on a man for income. My initial impression is that Stakeholder Grants could not provide this to the same degree.

Ben Kilbarger

Perhaps children don't deserve their parents. But isn't a parent "free to shape her outcomes as she thinks best" (SS 24), including giving all that she's earned to her children?

Ackerman and Alstott talk about their desire to equalize initial opportunity of individuals, to make sure that no one is significantly disadvantaged at the starting-point of adulthood. From there, they're relatively hands-off: "We are interested in opportunities, not outcomes. As liberals, we believe that each citizen should be free to shape her outcomes as she thinks best." (SS pg. 24). In this spirit, A&A follow lots of other liberals in talking about parent-child relationships from the child's perspective: "... nobody deserves his parents." (23).

I think talking this way tries to sweep a significant (read: huge) challenge off of the table without really addressing it. Why should we think of the parent-child relationship in this direction? It seems very plausible that I don't deserve my parents, whether bad or good. I got them by a lottery, as it were. But note how different it looks from their perspective. Or, to keep focus on me, note how different it looks when I consider my own children. I want equality of opportunity when I start out in life. But if I take that opportunity and do really awesome things with it and make a whole lot of money, I'm going to want to give a lot of it to my own children. And why not? I've earned it fairly, right? Doesn't that give me the right to dispose of it as I'd like?

I don't really know what I think about this. I just want to raise the point that the parent-child relationship is only really clean if we look at it from the "kids don't deserve their parents" angle. When we look at it from the other direction, we feel its inherent tension and complexity. It pulls us in two directions. For A&A, for example, it makes them qualify their commitment to being hands-off regarding the outcome. Seemingly, it's OK for coercive (re)distribution to me early in my life, and from me at the end of my life (assuming I started off poorly and ended up very well-off). But in between I'm more or less free to do as I'd like. If this is right, it makes the commitment to letting each citizen shape their own outcomes (a really important commitment to a lot of liberals) seem pretty conditional, circumscribed and hollow.

Kevin Cunningham

I enjoyed the basic stakeholder scheme proposed by Alstott and Ackerman. In particular, it combines traditionally American intuitions about equality of opportunity, self-responsibility, and individual liberty with the desire for greater economic equality and prosperity. As a twenty-year old weighing the impact of my current decisions, it certainly resonates with my experience.

One particular issue to which I'd like to draw attention is the possibility of compatibility between stakeholder grants and mandatory citizen service. Currently, a small minority of Americans unjustly bear the majority of the costs necessary to secure our sovereignty and way of life. I am thinking primarily of those serving in the armed forces, but also include public service fields as Army Engineers, firefighters, AmeriCorps, and the forestry service. Currently, many of these programs do incorporate a sort of stakeholder scheme, through post-service stipends and

education grants like the GI Bill.

Why not combine a mandatory national service with the stakeholder proposal? There are a number of reasons that make this a harmonious relationship. First, the principles of mandatory service and stakeholder grants seem complementary. Citizens have both rights and responsibility. They are given unconditional stakeholder grants to minimize inequality of opportunity and maximize individual liberty. Therefore, the costs of this individual liberty ought to be distributed equally. Second, a stakeholder society could potentially weaken the incentives for individuals to perform these vital public services. Many Americans attempt to equalize their starting point by electing military service. A bright, but poor, youngster might choose to attend one of the military academies, thereby not incurring the huge debt of a private college education, in exchange for four years of service might be required. With such starting points equalized in a stakeholder scheme, it seems possible (or even likely) that many individuals would choose not to take on dangerous public services, like working on a hotshot firefighting crew, in favor of going to college directly or becoming entrepreneurs.

The scheme I am thinking of would require all citizens to devote some period of their life (say 1-2 years) to serving some service agency. The most capable and willing would be allowed to enter military service (I allow here for CO's). Others would be distributed both according to abilities and wishes to other agencies. There would be no deferments or exceptions. Of course, there are objections to such a proposal. Mandatory service severely curtails individual liberty. It impedes a young adult's life at a period when growth and mobility is most required. It would interfere with the goal of increasing higher education. Finally, would the stakeholder grant be available only upon successful completion of mandatory service? This would seem to put up unnecessary barriers to the stake that is a citizen's right, not a privilege. If citizens were allowed the grant before service, would they be allowed to leave the U.S. with the service requirement unsatisfied?

I'm not sure how these objections should be sorted out, but I'm confident the basic intuition stands: equal citizenship, equal stakes, equal duties.