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FREE RIDING VERSUS RENT SHARING*

Should Even David Gauthier Support an Unconditional Basic Income ?

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1. Basic income as free riding

Some years ago, I spent a few months with my family in a house we were sharing with my father-in-law. Very soon, one feature of our daily routine started disturbing me greatly. I noticed that my father-in-law was quite sensitive to the floor getting dirty, far more sensitive at any rate than I was myself. As soon as dust started covering the lounge floor, he would take out the vacuum cleaner and deal with it, long before I would start thinking it was necessary. The result, of course, was that the floor was tidied up for me beyond my wishes, without my doing anything for it. This bothered me because I could not help feeling it was unfair. True, I did manage to convince myself that I was not exploiting my father-in-law, because, even though I derived a benefit from his work, and one that was not meant as a gift, I did not do so by exercising any power over him.¹ But I had to concede that this semantic response did not settle the ethical issue, and that such a situation, if continued - and taken in isolation from other aspects of the interaction -, was unfair. This I found particularly annoying because of a puzzling connection with an idea which I was beginning to explore at the time and which I soon became committed to to the point of spending a considerable amount of time advocating it in all sorts of circles.

This is the idea of a basic income, or citizenship income, or universal grant, i.e. the idea of an income granted unconditionally to every citizen, of a specific form of guaranteed minimum income that differs from the

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¹ The underlying analysis of exploitation in terms of work, benefit and power is spelled out in Van Parijs (1993: chapter 5).

guaranteed minimum incomes that exist in advanced welfare states in two main ways : (1) there is no means test: it is given ex ante to all; (2) there is no willingness-to-work test: it is given to housewives, students and tramps as well as to workers, pensioners and the involuntarily unemployed. In the course of advocating this idea and thinking about it, I soon become persuaded that the ethical issue it raised was both more important and more difficult than I first thought. More important because the real stumbling block that prevents a reform of advanced European welfare states in that direction lies in moral resistance more than in economic misgivings; more difficult because some of the ethical objections raised are serious ones, which need to be taken seriously and handled carefully.

One serious objection consists in criticizing the introduction of a basic income - in particular, at the highest feasible level - on the grounds that it illiberally discriminates in favour of leisure lovers at the expense of income lovers. Another serious objection consists in criticizing the idea of a basic income on the ground that it is too gross, too indifferentiated, and does not give what justice requires be given to the handicapped. I have dealt with these two objections elsewhere² and shall leave them aside in the present discussion, in order to concentrate on a third, equally threatening objection, which will take us back to my father-in-law.

Suppose a basic income is introduced : some (the Lazies) find it sufficient to live from and do not work; others (the Crazies) do not find it sufficient, therefore decide to work and are taxed so as to finance everyone's basic income. The objection I want to consider now is not that there exists some asymmetry or discrimination in the treatment of Lazies and Crazies, but that the Lazies are living off the Crazies' work, that they are exploiting them (if one is willing to extend the concept of exploitation to cases where someone is deriving a benefit from someone else's work by virtue of an externality - not of power) or, as shall here prefer to say, that they are free-riding on them. Whichever of these terms is used to describe this situation, it seems that the latter should definitely be viewed as unfair, at least by someone - like myself - who has conceded that it would be wrong for my father-in-law to do all the cleaning. For there is a close analogy between the two situations. Just as I can only get all the cleaning done without doing any work because my father-in-law cares more about cleanliness than I do, Lazies can only get some income without doing any work because Crazies care more about income than they do.

In both cases the options open to the beneficiaries and the providers of the free ride may be identical and no coercive power needs to be involved. The Lazies can tell the Crazies "Don't complain, if you prefer our lifestyle, just choose it !", just as I can tell my father-in-law : "I did not ask you to do all that cleaning, this is your choice". Yet it is obvious to me that it would be unfair to let my father-in-law do all the cleaning, and that a fair solution, though it may not involve him and me doing the same amount of cleaning, will definitely require

² See chapters 4 and 3 of Van Parijs (1995), which are substantially revised and expanded versions of Van Parijs (1991) and Van Parijs (1990).

my doing some of it. If this is the case, given the strength of the analogy, it seems to follow that I have to concede that the Lazies exploit the Crazies, that they take unfair advantage of the Lazies' work just as I would do with my father-in-law's work if I were to let him do all the work. Fairness, it seems, must require the Lazies to do some work if they are to get some income. Hence, an unconditional basic income cannot possibly be just .

Or can it? I consider elsewhere various relevant conceptions of fairness which have been appealed to, more or less explicitly, to condemn exploitation in the context of the radical critique of capitalist relationships, and I argue that either (as with the notion of a right to the full fruit of one's labour) they do not make sense, or (as with the notion that underlies John Roemer's game-theoretical or property-relations concept of exploitation) they are perfectly consistent with an unconditional basic income.³ Here, I shall focus on another, quite different conception of fairness, the one formulated by David Gauthier under the name of equal relative benefit and precisely used by him to articulate his condemnation of free riding. I shall concede - in part against Gauthier himself - that his criterion does provide an attractive criterion for allocating burdens in the presence of externalities such as the one illustrated by my father-in-law example. But I am not thereby forced to concede, I shall argue, that an unconditional basic income is unfair. Indeed, Gauthier's own treatment of factor rents indicates how the legitimacy of an unconditional basic income can be vindicated, consistently with the adoption of his proposal as a criterion of fair cooperation.

2. Equal relative benefit

Let me first briefly state Gauthier's criterion, using his own example of two partners who have an interest in cooperating by pooling their capital because of increasing returns to scale on investment (Gauthier 1986: 140-1, 152-3). Each of the partners makes a claim equal to the return on the total investment minus what is required to induce the willing cooperation of the other partner, i.e. what the other partner would get if she invested her capital separately. This claim minus the return she could obtain herself separately represents, for each partner, her maximum gain from cooperation. This amounts to letting each partner claim the whole surplus from cooperation, and it is therefore obvious that when such claims are made by both partners, there is no way in which they can be satisfied simultaneously. What constitutes a fair solution to this conflict? Gauthier's proposal amounts to requiring that the partners should gain from cooperation in proportion to the maximum gains implied by these claims. One partner's relative benefit is the ratio between the welfare she gains from the cooperative deal that is actually made (relative to the absence of cooperation) and the maximum welfare she could gain from cooperation (relative to the same baseline) without making the other cooperator worse off than the latter would be in the absence of cooperation. Proportionality between gains and claims can therefore also be expressed as equality of relative benefits.

³ See Van Parijs (1995: chapter 5).

I hasten to add two important qualifications to this brief account. Firstly, this criterion does not exhaust Gauthier's theory of economic justice: in the absence of externalities and rents, a perfect market realizes what justice requires, providing it operates on the background of a distribution of endowments that respects the Lockean proviso. It is only when externalities and/or rents are present that Gauthier's criterion for the fair distribution of the cooperative surplus comes in. Secondly, for the criterion of equal relative benefit to be applicable, the good that is produced by cooperation (here a monetary return) must be divisible at will. Otherwise equality of relative benefits is generally unachievable. If the good is not divisible at will, the criterion should be replaced by the more general criterion of maximin relative benefit.⁴ But this complication I shall ignore in the present discussion (as Gauthier does most of the time). I shall concentrate on the simpler case where divisibility can be assumed and where Gauthier's proposal therefore comes down to demanding straight proportionality between actual and maximal gains from cooperation.

How is this proposal to be justified? Gauthier's own main (and official) justification consists in arguing that this criterion provides a sensible solution to the rational bargaining problem. This claim is probably the aspect of Gauthier's work that has attracted most attention, especially on the part of economists. But in the present context I shall not discuss it at all, if only because I do not share Gauthier's meta-ethics - in particular, his conception of the connection between morality and self interest - and therefore fail to attach any special significance to the validity or otherwise of this aspect of his theory.⁵ There is, however, a different sort of justification which Gauthier occasionally appeals to (or indulges in) and which, being a reflective equilibrium theorist, I find far more relevant. It consists in showing that the proposed criterion encapsulates some intuitively appealing notions and manages to accommodate our well-considered judgements about particular situations, whether real or fictional.

Thus, in Gauthier's investment example, application of the criterion attractively justifies at the same time (1) a distribution of the total return from the joint investment in proportion to the share of each partner in total investment, and (2) an equal sharing of the surplus from cooperation between the two partners. Feature (1) expresses "the reasonable insistence that overall returns be proportionate to (differing) overall contributions", while feature (2) fits in with the "egalitarian view of cooperation" which Gauthier says is implicit in his whole analysis: "The co-operative surplus is in the fullest sense the joint product of the co-operators. No one may reasonably or fairly expect more, and no one should reasonably or fairly accept less, than an equal share of the co-operative surplus [...]" (Gauthier 1986: 153). If these results hold generally, Gauthier's approach can

⁴ See Gauthier (1986: 140). Gauthier's preference for a maximin formulation over strict equality has nothing to do with efficiency considerations, since we are here concerned with relative benefits, and not, as in Rawls's difference principle, with absolute amounts.

⁵ For a general discussion of Gauthier's approach which I find, on the whole, persuasive, see Barry (1989).

plausibly be viewed and defended as a sophisticated version of the principle "To each according to her contribution", and as directly implying, therefore, that it would be unfair to give anything to those who contribute nothing.

Let us be careful, however. For whether (1) and (2) are features of Gauthier's solution crucially depends on some specific assumptions he brings into his example. One of these is that "utilities are linear with monetary values", i.e. that each increase of a given size in either partner's income boosts her welfare at a constant rate - though possibly at a rate that is not the same for both partners. Why does this assumption matter? I have mentioned earlier that the maximum gain, for each partner, consists in appropriating the whole surplus. Under the linearity assumption just stated, it directly follows that each should be given an equal share in the surplus if relative benefits are to be equalized. But suppose I face a decreasing marginal utility of income, whereas your utility gains are a linear function of your monetary gains. I shall then reach any given ratio of actual to maximum gain in welfare terms with a smaller ratio in monetary terms (since the last pennies matter less to me than the first ones). Equal relative benefit will therefore require that a greater proportion of the co-operative surplus (not of the overall return), expressed in monetary terms, be allocated to you than to me. This holds not just if we have both contributed the same investment, but irrespective of the amount contributed.

Thus, in the absence of a linear relationship between utilities and monetary values, Gauthier's criterion does not require feature (2), i.e. an equal distribution of the surplus. Since the surplus is a component of the overall return, its distribution being affected by individual utility functions will obviously prevent any neat match between contributions and returns, as implied by feature (1). But even if there were a linear relationship between income and utility, the distribution of the return on the joint investment in proportion to the investment of each partner requires, in Gauthier's example, an additional specific assumption, namely that the returns to scale (which create the cooperative surplus) increase in linear fashion. If instead they increased, in the relevant range, at a decreasing rate, the non-cooperative payoff of the partner who contributes less to the joint investment would differ more from that of the partner who contributes more than is assumed by Gauthier. Consequently, the compensation for this foregone payoff that is incorporated in each partner's return (along with the relative-benefit equalizing share in the cooperative surplus) will differ more from one partner to the other - too much, therefore, for the total return to be proportional to the unequal contributions, despite the equal share in the surplus.

This twofold qualification may prompt the following weakening of the claim that Gauthier's approach offers a sophisticated version of the principle "To each according to her contribution". Though the criterion of equal relative (net) benefits does not generally require proportionality between (gross) benefits and contributions, it does require that the latter should be a positive function of the former. Even this would be misleading, however. For suppose that you and I are involved in a cooperative venture to which we allocate our equal time and equal woodwork skills. According to Gauthier's criterion (and assuming linearity between income and utility), we should get equal shares in the cooperative surplus and also, one might think, equal overall

returns. But suppose I also have a talent for singing that you do not possess and that therefore my next best option is not far worse for me than participation in our common venture, whereas you have no similarly attractive option to fall back on. Then my relative benefit from the egalitarian distribution of (gross) returns that is being contemplated is very small compared to yours. Equal relative benefit will require that I should be given more, despite our strictly equal contribution to the total product. This does not show that Gauthier's criterion implies no positive relationship between contribution and reward, but only that the reason why it does has nothing to do with contribution as such and reflects instead the fact that a greater contribution (for example, a greater share in investment) generally goes hand in hand with a greater return from an alternative use. The positive relationship between contribution and return is simply a consequence of the fact that the opportunity cost of each factor must be fully compensated. This ties in perfectly with Gauthier's treatment of market rewards, for at equilibrium, in a perfect market, the full compensation of opportunity costs is achieved and exhausts the whole product, leaving no "surplus from cooperation" to be shared.

3. The fair way with free riding

We are thus very far from a simple criterion of distribution in proportion to contributions. But this does not prevent Gauthier's criterion from being appealing enough in those situations - of market failure - to which they are precisely intended to apply. Let us check its plausibility by examining how it works in my initial father-in-law example, slightly simplified. For this purpose, let me quote Gauthier's most explicit formulation of his principle and put in brackets what I believe to be the most sensible application to the particular example. "In the non-cooperative outcome, which serves as the initial position, the good [i.e. the cleaning] is not produced. Each person claims the maximum level of the good that can be produced without cost to himself, and that leaves every other person at least as well off as if the good were not produced at all [my father-in-law determines the level of cleaning he would do if I did the amount of cleaning that would leave me indifferent between doing it myself and living in a dirty house; I determine the amount of cleaning I would do - if any - if he did the amount of cleaning that would leave him indifferent between doing it all himself and living in a dirty house]. The actual level at which the persons then agree to produce the good, and the actual division of costs among them, is determined by applying [...] maximin relative benefit. For each possible level and division of costs [for example, we share equally the small amount of cleaning I would do if he did nothing], the net gain of each person [for each of us, the positive difference between our welfare under this arrangement and our welfare if no cleaning was done] is measured as a proportion of the gain he would receive from his claim [i.e. for me as a proportion of what I would gain from some higher level of cleanliness with my father-in-law doing all the work; for him, as a proportion of what he would gain from a situation in which I would do all, rather than half of what I am prepared to do, with him doing some more], and the level and distribution maximizing the minimum proportionate gain is selected [i.e., given that amounts of work are divisible, an arrangement which equalizes our actual gains from it

as a proportion of what we would respectively gain under the cleaning arrangement that suits us best without making the other person worse off]" (Gauthier 1986: 271-2).

In this sort of situation, Gauthier's criterion of fair cooperation seems to provide a sensible, non arbitrary intermediate point between two unacceptable extreme solutions. One of these condones the situation that arises spontaneously in the absence of any agreement: owing to the externality involved, I get away with enjoying a clean house while doing no cleaning at all. The other extreme solution expresses in simple-minded fashion the notion that identical benefits should be matched by equal contributions: it consists in dividing equally between us the amount of work required to achieve the level of cleanliness my father-in-law deems appropriate. The attractive intermediate solution demands proportionality between the welfare gains people actually get as a result of the activity concerned and the maximum welfare gains they could get out of it consistently with the other party involved not being made worse off than if none of the activity had been performed. Under this third solution, providing I care to any extent for the good that is being produced, I shall no longer be able to enjoy it without contributing, because doing so would enable me to get a higher relative benefit (I get close to my maximal claim) than my father-in-law (who does not get his maximal claim, since I care about the good and hence would be willing to contribute to it, thereby reducing how much he would need to perform for a given level of cleanliness). Thus, free riding is banned. On the other hand, those who care little about a particular good will not be asked to contribute much towards it. If cleanliness is not among my priorities, any significant contribution demanded of me will soon drive my actual gain from the cooperative arrangement into negative figures. So, even though, for the same reason, my maximal gain will also be low, my contribution will have to remain small if my ratio of actual to maximal gain is not to fall below my father-in-law's.

Whether or not this criterion can be justified as the outcome of rational bargaining and however tricky its application may be⁶, it seems to provide us with an ethically attractive criterion of fairness in the presence of externalities. It plausibly tells us which arrangements - in terms of both level and distribution - are unfair and hence who, if anyone, is taking unfair advantage of someone else's work. But then, because of the analogy sketched earlier, it also presents a major challenge to the legitimacy of the institutionalization of an unconditional basic income - an obvious recipe for free riding on an unprecedented scale. Surely, those who get an income without work only because they care less about income than others do, are getting a free ride at the workers' expense, just as those who enjoy the cleanliness without doing any cleaning only because they care less about cleanliness than others do, are getting a free ride at the cleaners' expense. And if one wants no one to take

⁶ True, in order to apply the criterion, one does not need to assume that welfare can be measured so as to allow for interpersonal comparisons in absolute terms. But one does need to assume that each cooperator's utility can be measured on an interval scale - otherwise ratios would not make sense -, and that reliable information can be obtained about their preferences, in particular about how much they really care for the good that is being produced.

unfair advantage of others' work, one will have either to equalize (or maximin) relative benefit, which will involve requiring all to contribute at least somewhat towards the product to be distributed, or more simply to get rid of the externality, in this case artificially created through the transfer system.

4. Gauthier's response

Before examining how this argument can be tackled, let me briefly mention David Gauthier's reaction to it.⁷ Even though the conclusion is right, Gauthier argues, the point of departure of the argument is in his view fundamentally misguided, because it rests on a misapplication of his criterion due to an overstretching of its scope. I failed to see that when offering to my father-in-law to contribute to the cleaning, I was only being nice to him, and by no means correcting a situation that should be judged unfair according to Gauthier's criterion. Why not? Simply because there is in this case no cooperative surplus to be shared and hence no point in talking about the fair distribution of the cooperative surplus. There can only be a cooperative surplus if the status quo can be Pareto-improved. By construction, there is nothing for me to be gained from a deal with my father-in-law, and it was therefore for the wrong reason that I found his criterion attractive in this case. Once the scope of the equal-relative-benefit criterion is properly circumscribed, Gauthier's approach does not condemn but condones free riding in this case. This does not mean, of course, that basic-income-enjoying Lazies are safe. For in the basic income case, it is the Crazies who have nothing to gain from a deal with the Lazies (relative to the pre-transfer status quo). It is, therefore, straightforward that there should be no compulsory transfer from the Crazies to the Lazies. The analogy with the father-in-law example is not only misguided. It is also superfluous.

Part of my reply to this response consists in defending Gauthier against himself. When enjoying the cleanliness of the house without doing any work myself, I may or may not be a "parasite", i.e. someone who "in obtaining a benefit displaces part or all of the cost on to some other person", depending on whether the cleaning is needed because of dust entering through the window or because of crumbs I drop on the floor. But I am uncontroversially a free rider, i.e. someone who "obtains a benefit without paying all or part of its cost" (Gauthier 1986: 96). Now Gauthier claims to show that "in satisfying the conditions of practical rationality, cooperation ensures the elimination of the free-ridership and parasitism endemic to our natural condition, so that we may identify justice with the rational disposition to co-operative behaviour", since "justice is the disposition not to take advantage of one's fellows, not to seek free goods or to impose uncompensated costs, provided that one supposes others similarly disposed" (Gauthier 1986: 113). Thus, the sort of (free-riding) behaviour illustrated by my father-in-law example is clearly meant to be ruled out by the practical rationality that must govern cooperation. What does this practical rationality require? Precisely the satisfaction of the criterion of

⁷ In his immediate public response to the version of this argument presented in Siena, and in subsequent conversations.

equal relative benefits: "The moral significance of externalities is found in the possibility that one person may take advantage of another, either as a free-rider, obtaining some benefit cost free as a spin-off from the others' activities, or as a parasite, transferring the cost of some benefit to the other. Co-operation, to avoid this possibility, must ensure that the ratio between the benefit the co-operator receives and the contribution she makes is, so far as possible, constant, the same for all." (Gauthier 1986: 151-2).

These passages are unequivocal: Gauthier's criterion is meant to realize justice by putting an end to the free riding and parasitism generated by externalities, and it must therefore apply in the way I sketched to the example I described. On the other hand, these passages, and the application to my example they warrant, are of course at odds with Gauthier's general view that morality flows out of self interest. His present position, as I understand it, is therefore that they should be rephrased, or qualified, so as to be made consistent with this view. I have already mentioned that I do not care much for the rooting of morality in self interest and am far more concerned with the fit between moral principles and considered judgements. Hence, it will come as no surprise that I believe on the contrary that such a move should be resisted, and that Gauthier should strive for consistency by sticking to the impulse that led to the passages I just quoted and giving up instead the demand that fair cooperation should not worsen the fate of those who would get a free ride in the absence of an explicit deal - together with the conception of morality that underlies it.

To further encourage Gauthier in this (for him, no doubt, unattractive) direction, let me develop somewhat the implications of the position he holds in the example I gave.⁸ Suppose, for the sake of the argument, that costs and benefits can be measured in units of welfare that are homogeneous across individuals. The total cost of achieving some given level of cleanliness is 10 units. In situation A, the utility derived from that level level is 11 for my father-in-law, and 8 for myself. In situation B, the utility I derive from the same level of cleanliness is unchanged at 8 units, but the utility derived by my father-in-law is somewhat lower than in the first situation, say 9 units (see Table 1). In situation A, which corresponds to my initial formulation of the example, it is in my father-in-law's interest to do the cleaning, even on his own, and he does it. I just let him do, and enjoy the cleanliness he produces. The distribution of costs is 10 to 0, and I cash in 8/9 of the surplus. Nothing wrong with this according to Gauthier, accurately construed by himself. In situation B, instead, it is only in my father-in-law's interest to do the cleaning if I cooperate. Hence, the equal relative benefit criterion applies. Strangely enough, whereas in situation A there was nothing wrong with my getting away with a 0 to 10 distribution of burdens, in situation B, even a 4 to 6 distribution is unfair. (As shown in Table 1, equal relative benefits requires a 4, 5 to 5,5 distribution.) When doing 40% of the job in situation B, not only do I work far more than when doing nothing in situation A, but I appropriate a smaller relative share of the surplus (less than 60% instead of nearly 90%), derive a welfare gain that is half as big (4 units instead of 8) and leave to my father-in-law a welfare gain that is three times as big (3 units instead of 1). And yet this is, according to Gauthier, when I am

⁸ I owe this development to a conversation with Hervé Moulin.

treating my father-in-law unfairly, whereas my free riding in situation A is perfectly all right. Surely, there must be something badly wrong with Gauthier's interpretation of his own approach, if the latter is to provide us with sensible criterion of fairness in the presence of externalities.

TABLE 1

GAUTHIER ON FREE RIDING

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The line taken in the previous section therefore seems to me far more satisfactory. And if it is, the challenge described there sticks: I cannot consistently feel compelled to condemn free riding in my father-in-law example, it seems, while declaring that basic income recipients can legitimately get away with doing no work. Such a charge of inconsistency I cannot discard or ignore as easily as I could have done with the shortcut version of the same objection suggested by Gauthier. Jumping to the conclusion by invoking the principle "No cooperation, no income" smacks too much of question-begging for me to feel forced to take the challenge seriously. But a serious challenge there certainly is.

5. Factor rent as supplier surplus

How can I hope to meet it? Perhaps by drawing on resources provided by Gauthier himself in another, seldom scrutinized corner of his stimulating book: his discussion of factor rents. While Gauthier grants people the full right to what they produce on their own and requires cooperative ventures to be governed by the criterion just presented, he gives a special status to factor rent. While "each person's right to his basic endowment is a right to the exclusive use of that endowment in market and cooperative interaction", the latter "does not entail a right to receive factor rent". For since the taxing of factor rents does not, by the latter's definition (to which I shall return shortly), affect anyone's willingness to supply the factor he controls, "each person's exclusive use of his capacities in market interaction is left untouched if rent is confiscated". Nor is "the right to use one's capacities as one sees fit in cooperation with others" violated when someone is denied the factor rent that arises in society, which "may be considered as a single cooperative venture". For such rent "arises only in social interaction", and hence all factor providers can legitimately expect is "to share, with others, in the surplus represented by such rent. In so far as this surplus takes the form of a single, transferable good [thus making the substitution of maximin for strict equality unnecessary], each member of society is entitled to an equal portion of it. Inequalities from factor rent are excluded if we apply the criterion of minimax relative concession [or, equivalently, maximin relative benefit] to the overall terms of social cooperation" (Gauthier 1986: 273-4, my emphasis).

At first sight, this amounts to a plain, unambiguous and rather unexpected assertion of the legitimacy of a substantial unconditional basic income. Gauthier (1986: 274), however, immediately "warn[s] against an overly egalitarian application of this result": "In practice", he writes, "the equal distribution of factor rent might have little effect on inequalities of wealth." In order to assess such claims, let us first have a closer look at Gauthier's notion of factor rent, or rather at the family of rent notions he appeals to in his discussion.

"Rent is by definition a return over and above the cost of supply" (Gauthier 1986: 98). It consists, in other words, in a supplier surplus. But what is the cost of supply? A restrictive interpretation of this cost leads to a fairly broad conception of rent as

(SS1) the part of a factor's payment that exceeds what "is needed to induce her to bring her factors to the market" (ibid. 98),

i.e. as the payment received by the provider of a factor in addition to what is needed to offset the loss of welfare incurred as a result of putting the factor to its current productive use rather than withdrawing from the market altogether. It will no doubt be pointed out that the relevant counterfactual remains grossly underspecified (withdrawing with how high a monetary income, and with what non-market possibilities ?). But this need not retain us for the moment because there is another, less problematic, and far more generous interpretation of the cost of supply, matched by a correspondingly narrow notion of factor rent as

(SS2) the "payment for [a person's] services over and above the cost to him, including the opportunity cost, of supplying those services" (272),

where the opportunity cost is given by the income (and other advantages) associated to the next best option. On this interpretation, the rent incorporated in Roberto Baggio's record-breaking contract with the Juventus, for example, is only the comparatively small difference with either the fee the Fiorentina was willing to pay to keep him or the fee some other club was offering, whichever was the higher.⁹ This gives us a clear definition of the supplier surplus as the difference between actual payment and inclusive opportunity cost that should satisfy the economist. The notion of factor rent, of course, has shrunk significantly in the process - though not quite enough if one heeds some further characterizations offered by Gauthier.

To start with, he also characterizes factor rent as

(RP) the part of the remuneration of a factor that can be taxed away without "affecting the preferential ordering of alternative courses of action" (ibid. 273).

But this only coincides with the previous definition (SS2) if this preferential ordering is determined abstracting from strategic considerations.¹⁰ The reservation pay (the pay required to attract the factor) can exceed the

⁹ See Harsanyi's (1987: 346-7) relevant discussion of the arbitrariness of what is taken as the "opportunity cost".

¹⁰ Gauthier (1986: 273) ignores this distinction and conflates the opportunity cost definition (SS2) and the reservation wage definition when he states that "if, as a result of anticipated taxation on

opportunity cost (and hence the pay required to compensate the factor owner for foregoing her next best option) because the factor owner can credibly threaten to withhold the factor. In that case, taking the whole of the supplier surplus away will not affect, by definition, what can be called the intrinsic "preferential ordering of alternative courses of action", but it will modify the preferential ordering all things considered, and hence also actual behaviour. According to this plausible interpretation, the definition of factor rent as the difference between actual pay and reservation pay (RP) is obviously narrower than the narrower supplier surplus definition. But this is not all: Gauthier is even more restrictive when characterizing factor rent as

(EP1) "the difference between the least amount that would induce [a person] to [perform] as well as he does and his actual remuneration" (ibid. 273).

For in this case, it is not just the part of the supplier surplus whose taxation would lead to a different allocation that drops out of the rent, but also the part whose taxation would lead to a lesser level of effort in the current allocation. And this part, as efficiency wage theorists have been at pains to argue, is by no means insignificant. More restrictively still, Gauthier further characterizes factor rent as

(EP2) the part of a factor's payment that "may be redistributed without affecting the efficiency of the market" (ibid. 262),

or as the part of the remuneration of a factor that can be taxed away without this "lead[ing] to any form of inefficiency" (ibid. 273). For part of some supplier surplus, as Gauthier himself points out, though not required to attract her factor to its current use or to elicit her current level of effort, may provide the "jackpot needed to encourage [other people in the same occupation] to perfect themselves" and thereby constitute a "condition necessary to induce widespread effort" (ibid. 274). According to the conception of factor rent we are thus led to, one may wonder whether there can ever be any factor rent at all. For however high a fee Baggio gets from the Juventus, no part of it constitutes factor rent if a reduction in the fee would reduce, however little, his regularity at training sessions or his stamina on the pitch - or that of any other soccer player who is trying to emulate him. One may no doubt raise doubts about the underlying conception of efficiency, which does not seem to make any room, for example, for the possibility of inefficiency through excessive effort.¹¹ But the proposed definition of factor rent is uncontroversially restrictive enough to alleviate any fear one might have that the taxation of rent recommended by Gauthier would gravely impair efficiency by taxing too much away from factor owners,¹² and to fully justify Gauthier's warning against rushing into egalitarian conclusions.

6. Factor rent as return on scarcity

remuneration from playing hockey, [some hockey player] were to choose an alternative career, then that taxation would necessarily affect his opportunity cost and so would not be levied only on rent".

¹¹ On this possibility, see e.g. Suzumura's (1987) illuminating formal analysis.

¹² Such fear is expressed by Harsanyi (1987: 347) with the less restrictive definition SS2 in mind.

Although this sequence of five increasingly restrictive characterizations of factor rent may have a strong claim to fit and organize many of Gauthier's formulations, it may well have missed his central intuition, as expressed in the statement with which he starts the discussion of this whole issue: "Rent is determined by factor scarcity" (ibid. 272). This suggests, at first sight, a fairly narrow definition of factor rent as monopoly rent, i.e. as (MR) "the premium certain factor services command [...] because there is no alternative to meet the demand" (ibid. 272).

This interpretation is supported by Gauthier's (1986: 276) insistence, against Nozick and other libertarians, that it would be illegitimate for basket ball star Wilt Chamberlain "to extract rent from his unique talents". Clearly there can be a supplier surplus (SS1 or SS2) without there being a monopoly rent. For while there are cases, such as Roberto Baggio's or Wilt Chamberlain's, where the supplier gets more than his opportunity cost because (his employer believes) no one else can do what he does, there are other cases where one supplier of some service gets a surplus while another with the same pay does not, simply because she is keener to do the job (whether owing to her enjoying it more or to having worse alternatives) and benefits from the fact that the wage rate is uniform. Furthermore, if the actual payment ever exceeds not just the opportunity cost, but also the reservation pay (RP) or the efficiency pay (EP1 or EP2), there is no reason why this should necessarily be due to a monopoly position. It could simply stem, for example, from managerial sloppiness. Hence, this new notion of factor rent is not strictly broader than any of the previous five notions. Strictly speaking, it is not strictly narrower than any of them either, since there can conceivably be a monopoly rent without a supplier surplus even in the broader sense (Baggio might get what he does because of his unique talent, but hate so much this only job he can do that what he gets just compensates him for not staying at home), and hence also without factor rent in any of the other four senses.¹³ It is quite natural, however, to combine this monopoly condition with the surplus condition, as Gauthier (1986: 272) actually does in the passage a truncated version of which I used above:

(MR*) "the premium certain factor services command, over and above the full cost of supply, because there is no alternative to meet the demand",

thus providing an alternative way of strengthening the supplier surplus definition.

There is, however, another - related but far broader - notion of rent which Gauthier must have in mind in the crucial passage in which he spells out his argument for the equal distribution of rents among all members of society. "[Hockey player] Wayne Gretzky's talents command factor rent because they are scarce, but their scarcity is not a characteristic inherent in his talents, but a function of the conditions of supply, and so of the relations between his talents and those of others, and a function also of the conditions of demand, and so of the relations between his talents and the interest of others in attending hockey games" (ibid. 274). The criterion he is proposing, Gauthier (1986: 276) further stresses in his discussion with Nozick, "does interfere with a particular

¹³ The logical independence of scarcity-based and surplus-based notions of rent is pointed out by Cohen (1990: section 10).

liberty - specifically, the freedom to collect factor rent. But this is no part of the freedom of a solitary being; the surplus represented by rent arises only through social interaction. And so it is not a necessary part of market freedom conceived as an extension of the natural freedom enjoyed by Robinson Crusoe." Factor rent, thus conceived, is not specifically related to monopoly situations, or absolute scarcity, but turns out to be, far more broadly,

(SR) the payment a factor owes to its relative scarcity, i.e. the part of a factor's remuneration which it can fetch because of social interaction, and hence over and above what it would provide its owner in a Robinson Crusoe world. Clearly, even if a factor's payment does not exceed its efficiency pay in either sense, its reservation pay or its next best option, and even if the factor owner enjoys nothing like a monopolistic situation, there can still be a very large rent in this last sense. Indeed, this notion is even broader than the broader supplier surplus definition (SS1), since the part of a factor's payment that exceeds what "is needed to induce her to bring her factors to the market" only includes the net gains over a Robinson Crusoe situation that are due to market interaction, not those deriving from non-market economic cooperation. A summary of the relations between the eight notions of factor rent I have distinguished is provided in Table 2.

It is clearly this broad notion of factor rent which is on Gauthier's mind when he challenges the legitimacy of its appropriation by talent owners: "The recipient of rent benefits from the scarcity of the factors she controls - a scarcity which is of course entirely accidental from her standpoint, since it depends, not on the intrinsic nature of the factors, but on the relation between them and the factors controlled by others." (ibid. 98). And if it is, he is not protected against "overly egalitarian" implications by the availability of a family of narrower definitions, since it is the broad definition that is ethically relevant. By the same token, of course, nothing that has been said so far is left to alleviate Harsanyi's (1987) fear that Gauthier's radical rent confiscation programme would wreck the economy. But to go a long way towards alleviating such fear, it is sufficient to substitute maximin for strict equality, and have to go for sustainable yield maximization rather than for confiscatory taxation. Once this obvious move is taken on board, the question arises whether there is still any significant difference left between Gauthier and Rawls.

7. Gauthier and Rawls reconciled ?

True, Gauthier can still make a meaningful distinction between what a person owes to her talent and what a person owes to the scarcity of her talent. It is only the latter that can legitimately be redistributed. This is why he can consistently reject the Difference Principle in so far as it "licenses those with lesser talents to take advantage of those naturally more fortunate, requiring the latter to use their abilities, not primarily for their own well-being, but to minimize the minimum level of well-being" (Gauthier 1986: 252). For Rawls, "morality demands the giving of free rides; no other interpretation can be put on the insistence that talents be treated as a common asset" (Gauthier 1986: 219-20).

However, in an implicit reply to a partly similar criticism by Nozick (1974: 228), Rawls (1990: section 21.3) corrects this interpretation:

"Note that what is regarded as a common asset is the distribution of native endowments and not our native endowments. It is not as if society owned individuals' endowments taken separately, looking at individuals one by one. To the contrary, the question of the ownership of our endowments does not arise; and should it arise, it is persons themselves who own their endowments [...]. What is to be regarded as a common asset, then, is the distribution of native endowments, that is, the differences among persons. These differences consist not only in the variation of talents of the same kind (variation in strength and imagination, and so on) but in the variety of talents of different kinds. This variety can be regarded as a common asset because it makes possible numerous complementarities between talents when organized in appropriate ways to take advantage of these differences. Consider how these talents are organized and coordinated in games and in performances of musical compositions. The latter is illustrated by the analogy of the orchestra. Variations of talent of the same kind (as in degrees of strength and endurance) also allow for mutually beneficial complementarities, as economists have long known and formulated in the principle of comparative advantage."

Thus, Rawls can concede that what people can produce with their own talents without relying in any way on social cooperation must remain theirs. Only the rest, namely the benefits of social cooperation, is strictly speaking, and consistently with Rawls's (1971: 4) original formulation of the scope of his principles of justice, governed by the Difference Principle. But given how little someone could achieve on her own, under current conditions, with a fair share of external resources, this is hardly a concession at all for practical purposes. Associated with the constraint imposed by the first principle (in particular the prohibition of forced employment), Rawls's maximin criterion is most likely to operate in such a manner that even the most talented people will be left with far more than they would get in the absence of social cooperation.

In this light, the contrast between Gauthier and Rawls loses much of its sharpness. True, the aspects of social interaction on which Gauthier and Rawls draw attention are not strictly equivalent: cooperation between diverse talents in one case, interaction of supply and demand in the other. But the outcome is hardly different. For allowing for the redistribution of factor rent in a broad sense that covers all benefits people owe to the scarcity of their talents amounts to imposing as the sole constraint on redistribution the need to compensate people for what they could achieve in the absence of social interaction with a fair share of external resources. Assuming that fairness requires a thin spreading of external resources,¹⁴ this cannot amount to much under contemporary conditions. With each participant in social interaction claiming the whole of the cooperative

¹⁴ See Gauthier's (1986: 262, 300-2) treatment of the right to bequeath, which is only justified, in his view, if (and to the extent that) it contributes to overall efficiency.

surplus, the criterion of equal relative benefit will give them an equal share in it (or one that deviates from equality only because of variations in preferences, not in contributions). Once efficiency considerations have prompted the substitution of maximin for strict equality, this cannot lead to a distribution very different from the one that is justified by the Difference Principle, as clarified above by Rawls himself. Thus contrary to what Gauthier (1986: 252) asserts, Rawls does not hold, after all, "a very different view of what justice requires", at least in a society such as ours in which most of the benefits people derive from their talents are the product of the interaction of supply and demand. For in such a context, Gauthier must share the position he ascribes to Rawls and contrasts with his own: "The person who takes advantage of her fellows is not the less talented individual who benefits from the maximin principle, but the more talented individual who uses her talents solely for her own benefit. For she diverts to her exclusive use an undue proportion of the total assets of society. She robs her fellows of what is rightfully theirs [namely, the factor rent which more talented individuals are in a better position to extract]." (Gauthier 1986: 52)

8. Basic income and Gauthier's justice

This pulling together of Gauthier and Rawls is important for my purposes because it links up this discussion of Gauthier's challenge to the more straightforward ethical argument for basic income I have developed elsewhere (Van Parijs 1991). For I there use a version of the Difference Principle, duly corrected along Dworkinian lines, to formulate my "real-libertarian" justification of basic income, my liberal defence of Malibu surfers against the harsh treatment to which Rawls says they should be subjected. However, by bullying Gauthier towards both Rawls and basic income, I may well have been far too rash and overlooked some crucial differences.¹⁵

¹⁵ One potential difference, which I shall leave aside, relates to what is to be done with the rent that has been collected. In a passage in which he indicates that Rawls's view may not be that different from his own, Gauthier (1986: 277) argues that from Rawls's first principle of justice "the right to one's basic endowment would seem to follow, and so the entitlement to payment for opportunity costs in return for the provision of factor services" and that "Rawls implicitly distinguishes factor rent from payment for factor services, agreeing with [Gauthier's] view that each person is entitled to the latter, but supposing that the former, instead of being divided equally among all co-operators, is to be used to the benefit of the least disadvantaged" (my emphasis). But this difference vanishes if Rawls's Difference Principle is tidied up along Dworkinian lines, as I have argued (in Van Parijs 1995: section 4.2) it needs to be in order to deal adequately with the Crazy-Lazy challenge. For this leads us to the adoption of a principle of maximin distribution of external resources received, including the rent people receive as part of their wage. On the background of predictable tax rates and a ban or involuntary employment, an equal distribution of the part of the rent that is collected is required to

Firstly, what leads Rawls to the position just described, according to Gauthier (1986: 252), is his rejection of the supposition (to which Gauthier is committed) "that each person's characteristics, in enabling him to make a certain contribution to the social product, also provide him with a claim to a certain share of that product". This suggests that we have been far too generous in indiscriminately distributing the social surplus in maximin fashion. It is true that Gauthier sometimes simply says that "no person may claim a co-operative surplus if he would not be a participant in the interactions required to provide it" (Gauthier 1986: 143) or that "each claims as much of the social surplus as it is possible for him to receive, but only for those cooperative interactions in which he participates. Thus no contribution yields no claim; some contribution yields full claim." (Gauthier 1986: 154). And such formulations may encourage us to give all members of society, who all participate in the complex interaction of supply and demand that generates the scarcity of some talents, the same title to the benefits of social cooperation. But elsewhere Gauthier (1986: 134) is more explicit: "In a situation involving more than two persons, each person may not always claim all of the co-operative surplus that he might receive, but only that part of the surplus to the production of which he would contribute. Each person's claim is bounded by the extent of his participation in co-operative interaction. For if someone were to press a claim to what would be brought about by the cooperative interaction of others, then those others would prefer to exclude him from agreement." Clearly, if such a criterion made sense, it would impose a far tighter link between contribution and share in the overall surplus than is implied (for purely instrumental reasons) by Rawls's approach. But it does not.

To see why, just imagine a situation in which returns to scale are such that A, B and C (with equivalent endowments) produce 1 unit if one of them works on her own (surplus = 0), 7 units if two of them cooperate (surplus = 5), and 9 units if the three of them work together (surplus = 6). Gauthier's proposal implies that none of the three (interchangeable) cooperators can legitimately claim more than her marginal contribution to the surplus (which is 1 unit). But this would leave half of the total surplus unclaimed. Gauthier's formulation can no doubt be altered to better cope with this particular case. (Shapley values and related notions may provide a way out.) But any such attempt is bound to hit eventually against the general fact that when the product is the outcome of a complex interaction between natural resources, inherited technology, the legal and customary framework and particular capital and labour inputs, it is hopeless to try to parcel out the product according to contributions. In particular, it is very difficult to see how anything along these lines would provide Gauthier with the required conceptual resources for excluding any member of a society from claiming a share in what would otherwise be appropriated as factor rent

My claim is that once unease has been conceded about the libertarian endorsement of all (coercion-free) factor rent, one finds oneself on a steep slope, along which it is all too easy to slip all the way to the

guarantee that none of the workers gets a lesser share in the rent than some of the non-workers, and hence that the maximin principle is satisfied (see Van Parijs 1995: section 4.6).

neighbourhood of Rawls, Sen or Dworkin, where large material claims can be made simply by virtue of being a members of society, rather than a contributor. For factor rent, in the broad sense to which we have seen that Gauthier's rationale for egalitarian redistribution applies, does not only cover the advantages some derive from the unequal scarcity of native internal endowments, but also those derived from the unequal availability of opportunities - a source of unfairness which Gauthier (1986: 263-5) is particularly concerned to reduce as much as possible. These advantages in turn derive not only from gender- or race-based differences in educational opportunities (the sort of case Gauthier has primarily in mind), but are even more directly illustrated by the existence of involuntary unemployment.¹⁶ Thus the room for justice-based, contribution-insensitive redistribution is very large indeed, limited only by the (practically negligible) constraint that everyone should get at least as much as what she would get as a Robinson Crusoe with a share of natural and other inherited resources that leaves "enough and as good" for everyone else.¹⁷ Thus, I am not denying that there remains, in principle, a difference between a "mutual benefit" approach and an "equal concern" approach, and that the latter can provide support for an unconditional income in a more straightforward, less clumsy way. What I am saying is that a "mutual benefit" approach that wants to deny factor owners the right to appropriate factor rent in the appropriate sense will barely make less room than the "equal concern" approach for material claims which, for all practical purposes, are grounded on nothing but membership in the community.¹⁸

¹⁶ The associated employment rents play a key role in the argument of Van Parijs (1995: chapter 4). Note that there is an employment rent when there is excess demand for jobs (given the going wage and current working conditions), i.e. an excess supply of labour, whereas there is a factor rent when there is excess demand for labour (or other factors) at some reference level of pay (given by the Robinson Crusoe opportunity cost). Yet employment rent can be viewed as a part of factor rent: the part of someone's pay that exceeds what is required to find someone else to fill her particular job is bound to be included in the part of that person's pay that is required to make her better off under social cooperation than in isolation (or, put differently, less of a pay cut is needed to clear the market than to make the worker as badly off as she would be in isolation).

¹⁷ As we have seen in the previous section, there is a similar limit in (recently clarified) Rawls, but not in Dworkin or Sen.

¹⁸ Admittedly, this interpretation is blatantly at odds with some of Gauthier's explicit statements, for example with his discussion of the plight of Sam MacGee, who has discovered a vein of gold but lacks the necessary cash to register his claim. Banker Grasp is the only person in town who can provide it. According to Gauthier (1986: 153-4), the cooperative surplus should in this case be split equally between Sam and Grasp - whereas if there had been a competitive capital market, Sam could have kept the whole of the surplus to himself, paying Grasp no more than the going rate of interest, equal to Grasp's opportunity cost of lending to Sam. Thus, in a situation of capital shortage, it would be unfair both for Sam to pay Grasp no more than the latter's opportunity cost and for Grasp to

There is, however, another point on which Gauthier, even reconstructed backward from what he says on factor rents, does clash in a practically significant way with Rawls, Sen, Dworkin, Ackerman and other left liberals. The consistent treatment of factor rent forces Gauthier to erode considerably the market advantages yielded by native or socially generated talents, and hence to reduce the disadvantages generated by the lack of such talents. But it provides no reason for redistributing anything to the handicapped in excess of what follows from the equal distribution of factor rent. On Gauthier's account, however reconstructed, the blind or paraplegic can claim no specific compensation for their handicap. Rawls makes some room for such claims, even though they are not firmly rooted in the Difference Principle, or in either of his principles of justice.¹⁹ Dworkin, Sen, Ackerman and others emphatically recognize such claims, on the ground that people's internal endowments, the talents they owe to their birth or social origin, are, to use Dworkin's phrase, part of their "circumstances", and that justice therefore requires that the less well endowed be compensated. A mutual benefit conception of justice, however massaged, cannot possibly accommodate such a requirement, and this is no small part of the reason why I find such a conception unacceptable. But this remaining crucial difference is one that should make Gauthier's approach more and not less favourable to a substantial uniform basic income, as it implies that no resources need to be set aside for targeted transfers to the less well endowed.²⁰

Let us return, in this light, to the version of the challenge that Gauthier himself endorses, i.e. to the claim that, on a mutual benefit conception of justice, there can be no unconditional basic income because those who make no contribution have no claim on any part of the social product. The response that flows from the previous discussion is that, once the relevant notions of factor rent and contribution are suitably clarified, it appears that the part of the social product that - on Gauthier's own account - must be distributed equally (or in maximin fashion) among all contributors is very considerable, while the conditions required for qualifying as a contributor are very weak. Hence, for all practical purposes, Gauthier's own approach seems to offer resources for the

appropriate as factor rent all benefits deriving from the registration of the claim that are not needed to match Sam's opportunity cost. But why should this rent be divided just between Sam and Grasp? Under equal division between them, Grasp would still be appropriating as factor rent something that is due, not just to Sam's discovery, but to the "conditions of demand and supply", to the complex "social interaction" which makes the registration of Sam's claim on the vein of gold as valuable as it is, and thereby makes the demand for Grasp's scarce factor as pressing as it is. Why should Sam and Grasp be allowed to share the surplus among themselves, whereas Wilt Chamberlain has to share the whole of his potential factor rent with all those who take part in the social interaction that generates demand for his services?

¹⁹ See Rawls (1990). Redistribution to (some of the) the handicapped is justified by the need to enable them to exercise their moral powers, not by egalitarian or maximin considerations.

²⁰ I discuss at length the challenge that arises from the need for such transfers in Van Parijs (1995: chapter 3).

justification of an unconditional basic income that are hardly less potent than what can be expected from an equal concern approach, indeed in some respects more potent since it does not require any special provision to be made for the poorly talented or the handicapped.

But what about the other version of the challenge, the one based on the attraction of Gauthier's criterion of maximin relative benefit in situations in which externalities provide opportunities for free riding? Gauthier himself, as we have seen, dismisses it because it is inconsistent with his mutual benefit conception of justice. But as I do not share the latter, I do not have this option and must find some way of reconciling the condemnation of benefits without work in my father-in-law example with the acceptance of income without work that follows from the endorsement of an unconditional basic income. The key component of the answer, it seems to me, must lie in a distinction between, on the one hand, the "basic structure", the institutional framework that determines the cooperators' legitimate endowments, and on the other, the cooperative ventures conducted within this framework. A just distribution of factor rents (in the broadest sense) is an important component of the basic structure. As we have seen, even Gauthier finds unacceptable that those rents should be appropriated by whomever the operation of the market happens to give them to - as libertarians would have it. But whether or not he does, my considered moral judgement is certainly that such appropriation would be unacceptable and that the endowment of each member of the community (whatever the latter's boundaries may be) should include an equal (or maximin) share in the value of these rents. Under certain conditions, this provides the basis for the justification of an unconditional basic income as a central component of the institutional framework. But on the background of this framework, nothing prevents us from using Gauthier's criterion for expressing the demands of distributive justice in the presence of externalities. When receiving one's basic income (pitched at an appropriate level) , one is not taking unfair advantage of others, because one is getting a share that is no larger than what others get in what is there for all to share. When receiving in addition the benefit of a public good which some others are producing, one may well be taking unfair advantage of others. Gauthier's attractive criterion of maximin relative benefit tells us - arguably - when exactly this is the case.²¹

²¹ For a sophisticated and subtle analysis of public goods in a household context, see Carling (1992: part V). For a critical analysis of Gauthier's notion of rent which is largely parallel to the one proposed here while leading in the opposite direction, see Mack (1992).

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Situation	A		B	
Cooperator	Father-in-law	me	Father-in-law	me
For a given level of cleanliness				
total cost	10		10	
gross benefit	11	8	9	8
maximum claim	9 [= 11-(10-8)]	8 [= 8-(10-10)]	7 [= 9-(10-8)]	7 [= 8-(10-9)]
total gross benefit	19 [= 11+8]		17 [= 9+8]	
total surplus	9 [= 19-10]		7 [= 17-10]	
Under the equal relative benefit rule				
cost borne	6,2	3,8	5,5	4,5
net benefit	4,8 [= 11-6,2]	4,2 [= 8-3,8]	3,5 [= 9-5,5]	3,5 [= 8-4,5]
relative benefit	0,53 [= 4,8/9]	0,53 [= 4,2/8]	0,5 [= 3,5/7]	0,5 [= 3,5/7]
share of surplus	0,53 [= 4,8/9]	0,47 [= 4,2/9]	0,5 [= 3,5/7]	0,5 [= 3,5/7]
According to Gauthier's justice				
cost borne	10	0	5,5	4,5
net benefit	1 [= 11-10]	8 [= 8-0]	3,5 [= 9-5,5]	3,5 [= 8-4,5]
relative benefit	0,11 [= 1/9]	1 [= 8/8]	0,5 [= 3,5/7]	0,5 [= 3,5/7]
share of surplus	0,11 [= 1/9]	0,89 [= 8/9]	0,5 [= 3,5/7]	0,5 [= 3,5/7]

Table 1
Gauthier on free riding

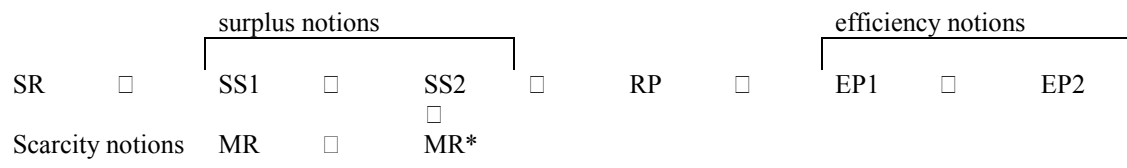


Table 2
Gauthier's notions of factor rent