

## Debates

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# Alternative Social States and the Basic Income Debate: Institutions, Inequality and Human Development

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**Abstract:** This essay explores how institutional responses to human development differentiate capitalist systems and shape developmental dimensions of stratification and freedom. I advocate differentiating the analyses of systems of institutions and freedom, including by setting out their developmental dimensions. Doing so allows me to analyse ethical and political problems of high inequality capitalism that Piketty highlights as they relate to the cooperative and developmental character of public services, and to set the BI project in relation to human development.

**Keywords:** Institutional analysis, human development, developmental freedom, alternative social states, basic income debate

## Introduction

Piketty shows inequality is a complex and dynamic phenomenon that in the absence of significant interventions attains structural features and grows over time. If inequality is multi-faceted and systemic, this ought to change our analysis of freedom and its political bases. BI supporters tend to see the BI as a form of equal standing socially and politically, and as such as a source of equalising opportunity dimensions of freedom. However, a differentiated view of inequality suggests the BI is only ever a contributory source of equal standing and freedom. Moreover, the extent of this contribution is conditioned by the nature of systems. In light of this, I argue a structural view of inequality highlights the significance of developmental dimensions of freedom, both for properly understanding why

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equal standing matters, and what it entails. In turn, an upshot is to both clarify and attenuate the role of BI reform in relation to freedom. An implication of thus contextualising claims about a BI's effects is to make the case for it stronger. The role of basic income can be viewed as a necessarily partial, but important, aspect of political democratisation and human development.

Relatedly, comparative systems analysis puts in perspective three types of claim about BI reform, e.g. how the guarantee of income security consolidates independence, it allows for greater control of life style, and it permits scope for direct-political control in the form of decentred politics and more empowered direct transaction. Systems analysis clarifies how these effects are plausible, but their extent and relation are system-dependent and relative.

Moreover, exploring developmental dimensions of inequality and freedom permits bringing out more clearly the political factors in Piketty's analysis, which are at times overshadowed by the impressive detail behind the story of economic distribution he tells. For instance, the level and form of human development orientation in public services is arguably a deeper factor behind varying levels of inequality of both economic resources, and key developmental and political freedoms. Hence, an additional – methodological – advantage of comparative systems analysis is that it allows us to use indicators of institutional development, in addition to measures of stratification, as a means of gauging the level of freedom persons enjoy.

Specifically, in relation to Piketty's work, I expand on his reference to the role of politics (2014, 20–22, 35, 576–7) in mediating distributive outcomes by pointing to sources and mechanisms of divergence between the book-end cases of the Nordic and Anglo-Saxon, more horizontal-developmental, and more hierarchical-competitive, systems. Piketty (2014, 480–482) highlights how a high level of public finance in delivering income and services – the social state – is now well entrenched in mature capitalist states. Global problems aside – in particular tax competition – the politics behind systems of public finance will, or ought, thus to matter a great deal more in the future (Piketty, 2014, 574). At the same time, however, Piketty also in several places indicates how – notwithstanding growing capital concentration globally – capitalist systems continue to differ, including in their levels of public finance – high in Nordic states, and median in Anglo-Saxon economies. Moreover, he observes how the countries (Denmark and Sweden), with the highest rates of tax in GDP are also the most productive (Piketty, 2014, 631 n. 24). Without attempting a full answer, I examine as reasons ways human development orientation in public policy is democratically grounded, it entails promotion of equal standing in more dimensions, and higher levels of economic cooperation and contestation result.

Accordingly, below I first briefly sketch the reasons behind and the outline of the focus proposed. Second, I give a recap of methodological aspects of the rejection of developmental policies in BI and post-libertarian welfare analysis.

Third, I discuss ways institutional analysis transcends that bias. Fourth, I give examples of how alternative institutional developments shape aspects of relative system-autonomy, developmental freedom, and direct politics and informal relations. Fifth, I compare institutions' mutual effects and distributional impacts within education and occupational systems. Sixth, I consider underlying system features and trends in public finance and policy in especially Britain. There follows a summary outline of analytical implications for BI and welfare debates. Last I conclude.

## 1 Institutional analysis, developmental freedom and the basic income debate

The comparative study of systems is important for BI analysis for several reasons, some of which are also discernible in Piketty's work. The first relates to the complex composition of developmental aspects of freedom, in light of the way most justifications for BI centre on its impact on freedom. Specifically, institutional analysis involves recognition of how the human life cycle and social dependence create rule-based, formal or informal, semi-coercive constraints. It follows that if human life itself and its sociality cause institutions to form, the most relevant questions we can ask – including of basic income analysis, are about ways institutions or policies consolidate persons' control of core developmental processes and social relations, or/and to the development of systems of institutions in which opportunity to do so is greater. Specific institutions or policies can contribute to forms of control and – as an extension – dimensions of developmental freedom. However, given that individuals are affected by a number of patterned constraints, a more informed picture of states of overall human development freedom (e.g. composites of dimensions of freedom) is derived from considering how a range of sources of economic security inform what are then institutionally complex independence states. E.g. these are states that can be gauged – defined – by the combination of actual relevant forms of control that – in light of available structured forms of security – persons enjoy.

A second reason to promote system comparison is, then, the way social opportunity – including for freedom- is institutionally composite. For instance, despite the way global forces exert pressures continually, it is the case that core developmental institutions tend to evolve in dynamic patterns, because institutions rely on other proximate institutions to function. Indeed, this is reason to draw more attention to the areas of Piketty's analysis that suggest capitalist

systems differ. E.g. if Piketty (2014, 422, 562) is right that low-tax competition threatens to raise inequality everywhere, it is important to highlight patterned aspects of politics more internal to systems that resist this trend, including as high-tax equilibria enable orientation towards human development.

Relatedly, a third reason to focus on systems refers to ways relational aspects of developmental freedoms are shaped by institutional designs beyond individuals' control. Basic income advocates typically care about reducing social domination. Hence, clarifying key ways institutional designs impact on the character of social dependence as a source, alternatively, of mutual regard or domination, and/or of agency and choice or their reduction, matters. An affinity with Piketty's analysis lies in recognizing thus the systemic bases and effects of injustices and inequalities of a developmental kind, the salience of which Piketty implies – when for instance he discusses educational systems (2014, 239–43) – ultimately is the reason we should be concerned about high inequality of income or wealth. Specifically, I will highlight how these inequalities are also bound up with patterns of social domination that basic income supporters typically are concerned about, yet a BI can only partly address.

Fourth, institutional analysis is in general important for political analysis by giving reasons to separate out the analysis of institutions' impact from the study of how institutions are formed. If we take an analytically composite view of freedom in the way indicated, the implications are to generally reduce, and more clearly situate, elements of the prospective contribution of BI reform. Conversely, projections about impacts on personal independence of individual institutions – hereunder BI – are likely to be either overdrawn or uninformative about the real sense of freedom involved. However, my key point here is that, such projections may also be unreasonable, in so far as a too straightforward equation of freedom with system autonomy might motivate inferences that require (ultimately unattainable) positions of system autonomy as a condition for judging that actions or states are truly free, or political outcomes, or in general institutions, are good or legitimate. Hence, I argue that a way to avoid this is to separate the levels and forms of analysis of, respectively, what freedom involves from the specific forms of its institutional supports, and institutions' human development effects from the role in their creation of political agency.

To exemplify further, this prevents a too simple equation of two linked notions of autonomy, e.g., respectively, as a capacity for independent reason, being able to 'choose for one's own reasons' (Dworkin, 1988, 13–17), or being motivated intrinsically (Haagh, 2011b), on the one hand, and the ability to act without any (social) restraints, e.g. autonomy as an institutional state, on the

other. Specifically, making the former rest upon the latter leaves out too much information that is valuable in terms of developmental features of human motivation, reasons to act, and so real forms of control, on the one side, and how institutions enable or constrain these forms of control, on the other.

Responding to this, I refer, as indicated, to independence in the intermediate sense, e.g. as a social position in which a person enjoys relevant forms of control of core activities, social relations, and forms of time (developmental freedoms) in function of how a number of formal and informal institutions are designed and relate. This is then more broadly informative than an idea of independence as a state of system-autonomy, or/and a simple equation of freedom with that state, and, on that basis, with individual control of resources, including as this may be assumed to empower individuals to design institutions directly. On the other hand, I refer to the human economy as a set of shared features of the human condition (biology, sociality and developmental cognition, Haagh, 2007, 2011b, below II, III) that inform human motivation, reasons for acting, and senses of freedom, as well as cooperative interests in relations and institutions of mutual respect, e.g. the setting up and sum of which individuals cannot create on their own. Reference to a human economy allows us to recognize that there are constraints outside (particular) institutions themselves that inform what we can assume freedom is and involves. Reference to cooperative interests, on the other hand, permits perception of interests humans (thus) have in cooperation and formal politics, without having specified exactly what form this politics takes. Having said that, I argue, using these tools, humans in general have interests in a form of politics that enables equal standing and aspects of developmental equality. This might explain how systems that, to a greater degree, develop responses to those interests, are both more effective for human development, and have greater stability.

In short, to situate developmental impacts of BI reform, it is important to distinguish institutions, forms of independence, and senses of freedom. More specifically, the grounds for a broader developmental case and analysis of BI reform, and how it may – yet need not be – contentious, can be illustrated by reference to policies that, by promoting relevant forms of equal standing and stability, developmentally frame core human activities and social relations.

As I examine below, these sorts of policies are contested by many post-libertarians because, by involving unequal resource distributions or socialisation – e.g. they mainstream processes of education, and institutionally frame core activities, or forms of time, they appear offensive to the post-Rawlsian (1971) aim to favour the least well off, or/and the post-libertarian situating of

system autonomy and decentred politics as sources of freedom, or/and institution-creation. In response, I suggest that counterfactual analysis, by contrast, indicates that cooperative-developmental forms of complex social organisation are key in shaping the social level and quality of freedom and politics persons enjoy.

## 2 Inequality, pre-distribution and system dynamics

In drawing our attention to high inequality, Piketty (2014, 19–20) often points out that it is as much its structure, as its level, that we should be worried about. The key point I take from this is how that structure is (typically) related to weak institutional development in terms of the systemic promotion of human development in welfare and production. By comparison, basic income advocates have been ambivalent about inequality, especially its structure, which raises complex issues that might detract from the way the scheme expands system-autonomy, or the power – writ large- to lead different lives. Essentially, the BI's scheme's simplicity (interpersonal neutrality) renders it responsive to a growing interest in post-libertarian ethics in the scope for autonomy from systems, and for individual difference (“...the postmodern insistence on the impossibility of interpersonal comparisons”, Mkandawire, 2005, 5; Jordan, 2008). In this context, inequality is a secondary concern (Williams, 2008, 499).

To understand effects of this, it is useful to outline differences in institutional terms between a libertarian-inspired, and a more human development –orientated, and historically grounded, BI defence. The second, more broad-based, or pragmatic, case is not incompatible with libertarian concerns – e.g. about expanding the sphere of personal autonomy – but, as noted, emphasizes more motivational, developmental, and social aspects of this. In turn, this impacts on the way the case for BI in terms, for instance, of money security, might be presented. That is, it might draw on the way in which money enables choice, but also motivates dominated relations in an increasingly monetised world. In short, it would recognize the conflicting nature of the impact of money on freedom; hence, how basic money security enables separation and alternatives (Van Parijs, 1995 – henceforth VP95, 46–48, 248, n. 30), yet the medium of money is not a source of socialisation or equal standing of a developmental kind.

The problematic aspects of money, and of marketized social relations and production processes, are recognized in critical strands of liberal democratic

theory (Macpherson, 1973), including as distributive and monetary or transactional perspectives entail that endemic sources of social and gender domination are overlooked (Anderson, 1999; Young, 1990, 29–33, 120–1, 1995, 297–300, 311). However, for instance Young's (1990, 66–67) critique involved a quite general notion of welfare capitalist society, as distinct from exploring institutional differences, e.g. as her examination of the political nature of productive relations and institutions, including as they are problems of justice (*op. cit.*, 210–11), invited. Building on this implicitly counterfactual perspective, and later work on the gender bias of especially neo-classical economies (Elson 2014, 191; Pearson 2014), I suggest ways focus on the distributive frame, including as this sustains, and has been influenced by, conceptions of the public sphere in Anglo-Saxon public policy, deflects attention from the role of developmental policies and regulations in embedding equal standing – including therefore gender equality – within institutions.

An upshot of the institutional perspective is thus that BI reform is best presented as it has specific critical impacts. E.g. monetisation of modern society entails that real or perceived threats of loss of money security play a growing role in sustaining and motivating states of dominated dependence, and render state services means of control and forced labour, undermining democracy. This means BI advocates are right to insist that an independent reason for BI reform is to establish the universal and unconditional nature of the right to basic security – how this principle has importance in its own right, even if the value of the BI payment also matters in making security effective. On the other hand, the nature of the risk that monetized life presents – e.g. to aspects of freedom rooted in forms of equal standing and developmental protections- entails that the freedom impact of BI is greater where its monetary value is restrained to enable a significant presence of developmental services. In short, an overall upshot of the way both basic money security and developmental services matter, is to suggest that both the size of the social state and, relatedly, its developmental orientation, are critical.

This broad human development case for basic income sits with other arguments of an essentially historical and institutional nature that draw on the way over time systems and values have undermined the basis for simple (inter-group) distributions and morals: More complex forms of interdependence mean that it is hard to argue that anyone deserves poverty. In view of how free giving (and free-riding) occur (Van Parijs, 1995, henceforth VP95, 103, 144), the means of production are inherited (VP95 104) or/and knowledge production is shared (Monnier & Vercellone, 2014) a BI simply acknowledges economies that we neither can, nor would desire, to measure. Liberal humanist values make behaviour-based subsistence entitlement seem ever more archaic (Standing, 2002, 2009), as

unconditional access to health, schooling, justice, and many other rights that also support contested behaviours, have been granted a long time ago. Finally, a similar reasoning is behind a modern republican (Pettit, 2007, 4–5) defence of BI in terms of non-domination – as a way to secure the independence to refuse, negotiate and positively enter relationships, whether vis-à-vis state services, employers, or in general other people.

In contrast, however, to these democratic-humanist arguments, is, as argued, a more radical – anti-systemic – way of thinking about BI reform in relation to freedom that is also really the background for a cursory view of inequality in the private economy. To right-leaning liberals, secured subsistence (negative income tax, Friedman 1980, 121) allows other distributions to be more freely (market) determined. More typically, yet not on dissimilar grounds of market freedom, the BI is by many viewed as a dominant part of the public distributive system. In Van Parijs' classic defence, its (maximised) level must avoid compromising the basis of its yield in market-based economic efficiency (VP95, 43, 246, n. 20).<sup>1</sup> Lower inequality may result from a high BI – but not because it is directly valued. In Van Parijs' case, maximising BI (real freedom to choose alternative life styles, 42–5, 59, 89–96, 122) formally reduces other forms of distribution – or welfare finance – to conditions everyone else would reject (op. cit., 79). Since not everyone would reject being childless, low-skilled, or unemployed, an implication is to offer no formal defence on a par with BI for child or social care, unemployment support, housing, or re-education. At best, these services, or rights, are the purview of micro- as distinct from macro-politics, or systemic provisions (VP95, 168, 2009). In line with this, left libertarian BI advocates historically have been sceptical of common services given the diminution of personal control expected to follow (e.g. including the Danish advocate Hohlenberg, as summarised in Birnbaum & Christensen, 2007). VP contrasts BI with 'welfarist or outcome-oriented' (n. 30, 248) projects.<sup>2</sup> Egalitarian objectives of social democracy are viewed as intended to promote 'the freedom to consume' (33), and counter-posed to an ideal of public policy neutrality (anti-perfectionism, 28, 255), including as grounds for invoking citizen compulsion with respect to the repair of background conditions or physical

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1 Notably, van Parijs (VP95–28) assumes incentive payments are of social utility (244, n. 9), and sees the tax nexus (244, n. 10) as a way to simplify economic justice, including to doubt (124) that taxing superior talent is just. The upshot of this could be read as a defence, or at least a favourable view, of flat taxation and of the social utility of market organisation tout court.

2 This involves strictly limiting both in-kind and unequal resource distributions, so that except military, courts and other (basic) services, exceptions are justified by how we equally need clean streets and traffic controls (44, 246, n. 22).

security (natural disasters, law and courts, the environment, 26), but questioning it in relation to developmental processes (e.g. compulsory schooling, VP95, 21, 43, 246, n. 20). Public policy must support points of departure, but not achievements (VP, 248, n. 30).

A problem with this, however, is that to a degree, at least, certain forms or levels of human development achievement might need to be anticipated in the way institutions are set up in order to, in fact, give priority to points of departure, or sustain the sense that new departures are possible. So to take education, how you can fare and achieve when you start in first grade at age 6 is arguably more open if university funding is public, early selection by exam and ability groups is delayed – or prohibited, and aims to fund a variety of developmental-occupation trajectories prevail. Notably, these examples describe contrasts between the form of public sector development linked with, respectively, the Nordic and Anglo-liberal states (below), revealing how distribution and developmental orientation are connected in systems, and shape developmental freedom and equal standing in practice.

Similarly, the BI's seeming ambition and basic design explains why liberals on the right and post-libertarians have been drawn to the scheme, and many (not all) unions and social democrats have rejected it (Vanderbought 2006). A neo-liberal milieu in which tax and state regulation are seen as distortions, has made BI proposals that endorse simplicity (like flat taxes), at the expense of more complex redistributive strategies, seem more politically palatable (e.g. Atkinson, 1995, 60, 1998, 147; and also VP95 21, 37, VP 2008, 58–61).<sup>3</sup> A recent case in point is the endorsement of BI by the Economist (2014, 18), which cites as reasons how innovation has rendered organised work redundant, wages in GDP have fallen, and informalised forms of social and economic engagement are growing. However whilst presenting the BI as a response to a shortage of organised employment following automation has moral appeal, and sustains the idea of a politics in which individuals can set up the institutions they want or need, this comes at the cost of overlooking the wider political bases of development choices. From an institutional

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<sup>3</sup> In a conversation with Sir Atkinson on 13<sup>th</sup> March 2009, in York, on occasion of a lecture by van Parijs, the author suggested that it is not necessary to adopt strict egalitarian (flat) tax to defend a strict egalitarian basic income, e.g. broad-based and progressive taxation would be better at rendering social spending effective for inequality reduction. Atkinson explained that he had the political feasibility (in Britain) of the BI argument in mind when making the flat tax proposal. In his recent book, Atkinson (2015, 218–221) proposes a progressive tax regime and rejects unconditional basic income on the basis of the way the case for BI has been made on primarily grounds of system-autonomy, e.g. as a source of any – including a pure leisure-based – life style.

perspective, it is no accident that political systems in which public finance is more human development orientated, tend to entail systematically different employment and regulatory responses to technological and environmental trends.<sup>4</sup>

Issues of context aside, however, it is worth reflecting on how system-critical arguments in BI debate involve unit-of-analysis conflicts between disciplines that – to a degree – institutional analysis can help transcend. To simplify, post-libertarian liberal ethics takes personal freedom as the primary unit, whereas economics (and social democrats – because concerned to democratise processes) take systemic allocation (consumption and income), and (to different degrees) institutions and services, as analytical units: The first approach is in teleological terms about securing persons' freedom from systems, the second about the character of (in the institutional tradition) alternative systems. Apparent conflict between personal freedom and institutional development is a logical (but ultimately uninformative) outcome of these initial positions. Notably, a view, in Anglo-liberal discourse especially, of public justice as a frame – or even preferably charity – the concern that it should help the poor and leave the private structure intact, pre-dates the post-libertarian trend. The architect of the British welfare state, Beveridge (1942, 121), saw flat-rate public provision (leaving the middle class to fund its own welfare) as both efficacious and just. Liberal egalitarian arguments have evolved from this by – as noted – taking market-based efficiency (theory) as given and focussing on tax-nexus income distributions as the main concern for social justice.

Sen famously moved the unit of analysis explicitly from money to services and capabilities (as distinct from, in VP95, 22; basic income and opportunities). Moreover, Sen has eschewed an inter-group or fixed-pie view of (re-) distribution in favour of a focus on social levels of freedom as shaped by ways resources are organised (e.g. sharing fewer resources during the World Wars improved health outcomes in Britain, 1998, 49–50). This means Sen explicitly acknowledges the role of distributive processes. Moreover, it means his approach entails a more complex idea of universalism, notably that can contain other – besides strict egalitarian – policies. However, Sen has not drawn the full conclusions of the (systemic) perspective he has – indirectly – put forward; e.g. as he worries spelling out detailed aspects of institutions' design might compromise open-endedness of approach (e.g. distinguishing culmination from process-based outcomes, 1998, 27; and Sen, 1992, 46–48, 53, 72; Qizilbash, 2008, 53; Robeyns, 2005, 93–97; Arneson, 2010, 102).

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<sup>4</sup> A recent study found environmental regulations to be most stringent and growing at a more rapid pace in Nordic states and Holland, also concluding regulations boosted high productivity employment (Albrizio et al. 2014, 19–20).

Similarly, an intent to preserve political neutrality by analytical means characterises the discourse on pre-distribution (of which the case for a basic income is a contributory source). Notably, the object both of Rawls' (1971 [1999], xv) property-owning democracy, and of Meade's (1964) earlier, (and VP95's later, 245, n. 18), advocacy for basic income, was to change the state's role from compensating persons to giving them stable (pre-market, and so seemingly life-style-neutral) entitlements; e.g. this entailed a return to a view of distribution in more static terms. A related form of inquiry in liberal ethics – being influential in BI analysis – sets out developmental opportunities in terms of ways they permit escape from systems, or enable retreat into a private world of activity; e.g. the 'life-world' (Habermas, 1985); formal career-alternative life styles (VP 95, 33, and being either lazy or crazy, VP95, 89–96, 122); care as voluntary gift-giving (Standing, 2002, 269); thriving work in community and voluntary associations (Standing, 2002, 272); or, expansion of non-necessary time and unstructured economies (Goodin, 2001; Goodin et al., 2008, 34).

The point to emphasize here is how, in terms of dynamic institutional analysis, effects of this kind of basic income, or similar policies, are plausible, but easy to overdraw, given ways other formal distributions and norms shape and constrain informal behaviour. More specifically, although the above claims indicate how a move to unconditional basic security involves – using Widerquist's (2013) terms – the acquisition of a status freedom, from a human development perspective, the unconditional right to other developmental resources – for instance health care – has a similar order of effect on motivational states. So, again, if what is at stake is an altered sense of self, and ability to negotiate near-political relations, that security creates, the BI becomes a contributory source, among others, that inform overall states of independence in systems: the core unit of analysis is still ultimately the overall sense of human development freedom.

In turn, this clarifies how developmental conditions, and an empowerment rationale, are what make the design of BI as a life-long and unconditional grant important, whereas its strict egalitarian aspects are a convenient way to deliver these features, not a source of just distribution, equal standing, or freedom. Moreover, this matters for clarifying the broader foundation of, and contributory – as distinct from system-constitutive, role of pre-distributive rights, e.g. as their bases and freedom effects depend on ways distributive systems and relatedly cooperative politics promote human development. By contrast, viewing opportunity aspects and outcomes as conflicting in principle risks both devaluing human development as a policy objective, and obscuring the mutually affective development, in political reality, of different rights to human development-relevant forms of security.

Specifically, a rejection of public support of activities is a necessary outcome of VP's intention to avoid distributions that could entail 'privilege given to a life of productive effort' (VP95, 169). VP (VP95, 21, 43, 246, n. 20) formally defends free primary education mainly on grounds that it will raise the social product; e.g. not obviously for its contribution to develop ability for its own sake, because of the compulsion that initiates it. His account of public and private ownership (soccer-pitches and gardens, VP95, 11), wants that garden owners (not elected representatives) should decide about pitches. But this assumes both that the two forms of ownership are in direct conflict, and that gardens came first; omitting from view the extent to which spaces of individual sovereignty are created by public organisation and trust.<sup>5</sup>

In short, with respect to pre-distribution (and basic income within it) the concern is how a vision of strengthening overall positions of independence materially need not involve an oversimplified (static) perception of distribution at large. In fact, the tendency to confine specific policies to different *systems* owes something to Meade (1964); e.g. progressive taxation, solidaristic unionism, universal unconditional allowances, that he saw as the basis of different systems (1964, 35–38), yet that in reality are all more developed combined, in Nordic states. To advocate pre-distribution over other policies (or in his mind systems), Meade rejected both industrial structure (minimum wages, 35), and progressive taxation (38), as (already then) outdated and unworkable sources to render economies just and efficient; progressive taxation for allegedly reducing work incentives – an argument that has played a key role in the subsequent neo-liberal revolution, yet very few accept as valid today, including, notably, Piketty (509).<sup>6</sup>

### 3 Institutional analysis and human development

As the institutional tradition covers more information about developmental processes and their social relations, it is able to explore ethical concerns about

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<sup>5</sup> Although VP (VP95, 28) rejects strict equality as a crude distributive guide, when it comes to the public economy, his concern with neutrality pushes him towards a strict egalitarian view: the state is there to 'make it possible for each individual to pursue her own goals – *as opposed to the realization of some collective project*', p. 242, n. 56). Italics added. For VP, needs-based policies stigmatize per se (p. 120). He is sympathetic to Dworkin's (1981, 304–5) view that each life deserves the same resources (262–for instance he is sceptical that the public should pay for expensive heart operations).

<sup>6</sup> In a recent paper recommending predistribution (White, 2013) similarly rejects the British Labour Party's advocacy of a 'living wage' for being 'employment and wage-centred'.

institutions' quality in more elaborate terms, including ways that, as Piketty (482) insists, the structure of inequality is relevant. In this context, Piketty's concern that assessing flow as well as stock (42, 203–4, 379–82, 381–2) matters, is especially pertinent to human development. First, in relation simply to human activity, participation in the flow of earned income, affiliations, learning, recognized contributions, etc., is critical to life experience (VP95 recognizes this, 47). Hence, in theory, and in light of human economy constraints, persons' overall (composite) human development freedom is higher as a function of the degree to which institutions permit not only that the level of the control of each of these processes that persons enjoy is greater, but the foundations on which each form of control rests are mutually more independent (Haagh 2007, 2011a, b).

In addition, as the above processes affect socialisation, perception of relative positions (norms), and system legitimacy (politics), e.g. cooperative interests humans have, they also affect the stock – that is, the structure of legitimate holdings, tax and distribution (including BI). In short, system analysis suggests that formation of so-called pre-distributive rights would be hard to disentangle politically from institutions that shape dynamic distributions – e.g. persons' positions over time in education, (formal and informal) production, and leisure, as well as their everyday influence on institutions and politics.

Methodologically, this relates to how institutionalists see the formal and informal realms to relate (Hodgson, 2005), and – in this view – inequality is as normal as it is inevitable that different stages of life define social relations and the care persons give, and authority they have, in relation to one another. An upshot e.g. of how potentially dominating aspects of the human economy become embedded, is that equal standing in specific relations does not come about through direct transacting, but by complex ways political agreements shape social positions, on the basis of which then transacting occurs. Accordingly, and without going into institutionalism in depth, I broadly adopt evolutionary complex systems analysis (Steinmo, 2010, 5, 13, 15, 17–19) as it is useful for understanding democratisation of the economy – hereunder the human economy- or *institutional development* – in relation to human development.

This methodologically composite approach draws on different forms of comparative inquiry into institutions' *mutual effect* on outcomes (e.g. investment, Hall & Soskice, 2001; freedom, Haagh, 2011a, b) and each other (education and occupation systems, below); their *dynamic evolution* as functions change or combine (Steinmo, 2010; Thelen, 2004, 293, 2010) or/and their *patterns* of coherence or fragmentation evolve (Acemoglu, Johnson, and Robinson, 2002; Tilly, 2007; Haagh, 2012); and, then, systems have impacts on the *effectiveness*, and legitimacy, of individual policies (Haagh, 1999, 2012; Steinmo, 2010, Part 5 below).

Against this background, my particular approach – as noted – is informed by a developmental view of, relatedly, freedom and the democratic economy. I assume, first, that constraints of the human life cycle give persons common interests in forms of economic stability (Haagh, 2011b); and, second, that cooperation – as an interceding factor – enables formalisation of these and related interests, under conducive conditions (Haagh, 2011b, 2012). This builds on the way Sen's (1992, 1999) analysis of public services offered a pathway between development economics (as resources) and ethics (as freedom): Sen, however, was primarily interested in ways public services shape more life-style neutral capabilities – e.g. education and health attainment. Expanding on this, I moreover consider ways the cooperative-developmental character of public services affects more institutions' design, and this abates developmental and income inequalities, and shapes capabilities to control core activities and social relations.

Notably, studying ways institutions and systems evolve does not require a de-emphasis on the role, or scope, of political agency, but permits a wider understanding of its varied conditions; and then how different, relatively independent, factors and political forces shape the way systems arise, and they function and change. Firstly, the origins of political systems tend to be multi-causal and complex, not uniquely geared by local political processes. In Denmark, a historic industrial relations accord of 1899 set up the modern system of coordinated bargaining. However, as Piketty (2014, 498) observes, political elites had already implemented key institutional changes, e.g. progressive taxation, in 1870, two decades earlier. In Sweden, the 'Rehn-Meidner' labour-capital accord of the 1950s, to support high productivity growth and snuffing out the low-wage economy, was supported by fiscal (developmental) policy, as tax policies were used to transfer resources from speculation to productive investment and – simultaneously – child-care and family subsidies were – as Steinmo (2010, 51, 57) accounts – designed to promote the occupational life and equal status of women. According to Melby et al. (2009, 5), Nordic political elites consulted each other extensively on social policy in the key period – of the late nineteenth century – of state and institution-formation. And so, in this sense, the rights-based and developmental orientation of public policy – including the in global terms early emphasis on equal standing of women in law and marriage, and in education (Kananen, 2014, 35–38, 55–69), were orchestrated politically.

Specifically, Nordic public policy involved a high level of conscious politics and institutional design, and this was a factor in enabling, and proliferating, individual egalitarian policies, as by counterfactual reference, the shorter, and less effective, life of more isolated movements, or/and

policies, shows. E.g. in the US, highly committed, and individually effective, women's movements and agencies, dissipated (Skocpol, 1992, 535) in a similar stage of political development. In Britain, despite, after the War, fielding (along with the US) some of the highest upper rates of taxation (Piketty 495–6), developmental frames in education-production never attained the same level of significance as in Nordic states – showing how it is not only taxation, but its orientation – and systemic basis – that matters (below). In this context, politics also continues to matter, but regressive change is more likely. In the aftermath of the 1980s reforms, the British trajectory of already disjointed industrial relations became a case of showing how cooperation and coherence in institutions' function, fragment in response to reforms to deliberately informalise production (Crouch, 1994; Hay, 2013, below). In sum, what is critical in a discussion of welfare is how the resource concentration Piketty highlights, and deliberately lax rule-making (stressed here), connect, and this endangers democratic rights to economic stability – and, relatedly, developmental equality. In Nordic states, a broader political foundation for human development promotion facilitated a more, for human development, transcendental process of rights formation, e.g. as resulting from this, policies to facilitate women's inclusion came to support child-care for men, and scope for more balanced time for all (Haagh, 2011a, below).

More particularly, measuring the quality of institutions for human development can involve ascertaining the level of dynamic and static control of core blocs of time, hereunder gender distribution of this control, as indicators of opportunity for developmental freedoms, and of equal standing in society generally. So, in addition to evaluating levels of freedom from direct behaviour-paternalism (state control over the unemployed), which is a concern for BI supporters, and I argue affects a person's sense of having constant control – akin to Widerquist's (2013) idea of status freedom as an altered state brought about by relief from jointly poverty and state control, I also emphasize dynamic and static control as important effective indicators of developmental freedom. Dynamic and static control imply opportunity for, respectively, development within, and regular time for, core human activities (e.g. occupation, care and leisure, Haagh, 2011a): Where existing together – and more so if also combined with constant control through access to forms of permanent security – human developmental freedom is higher. Conversely, where one or more of these elements are missing, it devalues the effect of the others.

Against this background, democratisation and institutional development in relation to human time can be related to the way institutions and policies affect the institutional frames within which these forms of control are socially possible. Core sub-systems and institutions that to a greater or lesser extent

create these frames include that structure processes of education, occupation, work-time, and child-care, e.g. being normally occurring – but alternatively shaped – responses to the human economy. Moreover, of special interest is to consider how far these frames are dynamically linked and mutually evolve over time, and the role in this, within individual systems, of the overall level and form of public sector development.

Note that this interpretation of the problem of human development, in terms of the cooperative capabilities of systems, recognizes the above activities as shared human conditions without specifying in detail what the blocs and frames of time contain. The emphasis, rather, is on how cooperation extends opportunities; e.g. promoting equal standing in the institutional context of core developmental processes enables empowerment both in daily decision-making, and in core life-cycle choices, e.g. how in these core senses, choices and opportunities can become more or less open. One of the advantages of the methodology proposed, then, is that by virtue of the broader sequence it studies, the form of information it generates of, in particular, social conditions for freedom, is wider. By not taking a starting point in ideal-states of system autonomy, yet recognizing the importance of life style as a measure of freedom, it is possible to address core libertarian concerns, but setting exploration of them in the context of – rather than outside – the analysis of institutions and systems. Specifically, it is relevant to explore how formalising human development (including pro-care) norms, affects personal freedom and/or direct politics, both given that these are sensitive issues for post-libertarians, and institutional analysis predicts direct control is higher in more cooperatively-based developmental settings. Of particular concern is to examine the role of the two (above noted) contentious forms of social organisation central to formalising human development – e.g. socialisation in mainstream institutions, and resource inequality.

## 4 Distribution, institutional frames and BI analysis

### 4.1 Freedom to construct personal frames

With regards to mainstreaming of time, first, the BI, as argued, can be seen as either an element, or a core, of distributive systems. A part of constructing the case for the latter (more radical) view is that the BI might make it possible for

individuals to structure their time in substantially different ways, including to be lazies or crazies, which I take to represent participation or not in formal production. I agree with van Parijs (VP95, 89–96, 122) that the BI raises persons' choice in this sense. Yet, if – as comparison has shown – absence of common rules intensify or/and stratify work (Alesina et al., 2005), then the choice to be lazy or crazy (in or outside the system) is indirectly constrained. In essence, just because it is possible to be lazy or crazy with *material comfort*, it is not therefore the case that being either is truly possible, understood as a choice that remains open in the relevant sense.

For instance, if – in the absence of universal childcare policies – women's best option to care is part-time work in a full-time economy, a consequence is to undermine women's occupational freedom (Haagh, 2011a), and scope for what Gheaus (2008) has called gender symmetrical life styles. The choice to care is not free when taken as a trade-off for full participation in occupational life. A more extreme form of this trade-off occurs where child-care costs exceed low earnings, and so undermine occupational life altogether (Part 6 below). A BI of course would make work not necessary, but not – in this case – therefore – feasible, if labour market institutions do not allow persons to combine care and a full occupational life.<sup>7</sup>

The activity of care is, then, even more than education – which we know is both a source and outcome of democratic development – subject to the kinds of coordination constraints that explain how investments in it is low in atomised labour markets, medium in sector-based, and high in social wage settings (Pagano, 1991; Haagh, 1999).

Reasons to think so are in general apparent from contrasting ways common human development standards are systemically shaped, and impact on developmental freedoms and social relations. Notably, labour regulation is a common good even if the effect of this – and of its absence – is experienced in a different way by different groups. In the British case, a long-term effect of loose employment laws, and withdrawal of the state in education and training funding and planning, has been to expand irregular work, including in the public care sector, which is at the forefront of a growing concentration

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7 Even if a high BI would in theory allow persons with children to organise and pay for their own work and child-care, I argue systemic factors make this scenario either unlikely or unpalatable: First, it is unlikely because a community that has reached the level of social commitment that would make a high BI feasible would not want to individualise welfare to that extent. Second, it would be unpalatable, because a BI staked at a level that individuals themselves are responsible for organising opportunities for work and care would isolate carers and put those who are cared for at risk – including, notably, children.

of (so-called ‘zero-hour’) contracts that do not guarantee regular work or pay.<sup>8</sup> Moreover, Britain’s low, flat-rate income support system, and deregulated market in labour, are combined likely causes of a high systemic stratification of work time – whereby high income groups over-work, and low income groups under-work, in international comparison.<sup>9</sup> In this case, persons not on the lowest wages also lose out from the lack of shared security beyond basic support (e.g. as wage-related unemployment insurance for real purposes ended in Britain in the 1980s – Clasen, 2001 – yet remain strong in Nordic states): the British system generates (conditional) basic security, but not therefore economic stability.

Notably, take-up of more equal and generous care leave for men in Nordic states is low, e.g. this is evidence of how human economy constraints operate dynamically and relatively independently of formal and legal constraints. However, comparing different schemes in Nordic states shows men’s take-up is higher, and growing faster, where occupational norms favour fathering roles (in Sweden, Duvander & Johansson, 2015, 352–3); women already have gained occupational standing (Nordenmark, 2015, 181); or/and, leave is economically generous (Duvander & Johansson, 2015; Leira, 2006, 361). This indicates men recognize opportunities for balanced time (static control) as a developmental freedom, and – in this sense – they have cooperative interests in frameworks that relatedly promote equal standing in dimensions of developmental opportunity and gender relations.

## 4.2 Structured security and occupational choice

Developmental policies, however, bring to light another contested element with respect to developmental institutions and policies which is to do with inequalities entailed in *developmentally structured security* (what Piketty calls quasi proportionality between replacement income and life-time earnings; 2014, 479). To examine this, I draw on Korpi’ and Palme’s (1998) classic typology of Nordic state welfare as ‘encompassing’ as it contains both basic and earnings-

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<sup>8</sup> A survey by the Chartered Institute of Personnel and Development, estimated that, by July 2013, 1 in 5 firms used the contracts (Guardian Friday 16<sup>th</sup> August 2013), a rise from 4% in 2004 recorded in the UK government’s Workplace Employment Relations Survey (Pyper and McGuinness 2014, 4). The health sector was the second largest user, at an estimated 13% of work places (and 61% of jobs in adult domiciliary care. op. cit., 5) in 2011; up from 7% in 2004, followed by education, where establishments using the contracts grew from 1 to 10%.

<sup>9</sup> According to Burtless et al. (2010), in the UK, top earners work three times as many hours as the lowest earners, as compared with 1.6 times in the US and 1.5 in Austria.

related elements. I argue that this *composite* form of income security forms part of a broader, developed system of shared security for human development. Coming back to methods, the point of interest is again how the concern in liberal ethics with strict equality or downward distribution (e.g. after Rawls' difference principle, 1971) cannot come to terms with developmental policies, and their institutional frame.

A case in point is where a neutral distribution (e.g. basic income) is offered as a palliative for distributive problems known to be both more complex and dynamic, e.g. as in Barry (2005, 228–9) cumulative disadvantage arising from unequal schooling.<sup>10</sup> Another relevant case pertains to the critique of schemes of earnings or production-related security, because these (may) involve paying more to the rich (as in Goodin & LeGrand, 1987, 215, discussed in Korpi & Palme, 1998, 5).

My point is that the way these concerns are set out, entails leaving aside developmental realities, including as they inform political systems, and raise inequality outside the public distributive frame. What Korpi and Palme (henceforth KP98) call the distribution paradox, whereby the living standards of the worst off are raised, even though the middle class receives higher pay-outs in certain schemes, sets up the problem. They argue that incorporating the contributory system within the public scheme – and alongside well-funded universal services – prevents the rise of parallel, and yet more unequal, markets in private insurance. On that basis, they imply that the inequalities in (absolute) pay-puts involved in the public system are justified, given their role in creating consensus for a higher level of socialisation of welfare, the upshot of which is to also reduce overall inequality. (Of course, they could also be justified by the fact that higher earners have made more contributions). In short, for KP public incorporation of developmental inequality (in their case pensions) can be justified on broadly contributive and redistributive (and relatedly political) grounds. My point however is that in addition, the system KP describes can also be characterised by the way it promotes *life-cycle structured* security, e.g., relatedly, it consolidates developmental freedoms and equal standing in developmental terms. Moreover, an upshot is to

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**10** Like Atkinson (1996), Barry envisages a 'participation income' to involve some social duties. He favours high and progressive taxation, yet by 'largely detaching income from employment' (Barry 2005, 229), and assuming 'the voluntary sector could expand and the burden of caring for an ageing population shared around more equitably', as well as that total production 'has to come down' and unemployment rise, his vision is symptomatic of a failure to engage how human activity in general, including care, is also production that – if it were to rely on voluntary contributions outside formal and well-paid structures – is vulnerable to domination and abuse.

create internal conditions of system renewal and responsiveness to change, in so far as differentiation of the architecture of shared security – and so opportunities – through expansion of risks, groups, and activities covered, entails specific developmental policies have greater effect.

This system is not perfectly just – including in developmental terms, as it involves inequalities of capital and income holdings that cannot be justified directly, e.g. the post-Rawlsian tradition is right effort is not a justification for income, to the degree effort rests on unearned endowments (Rawls, 1971, 274; or wages do not reflect other senses of worth, Haagh, 2007). There is, however, as noted, a developmental freedom rationale (DFR) for promoting institutions that permit a relation between investment of time and activities, and forms of economic security, also comprising thus expectations of structured, including – where relevant – monetary, rewards. This rationale (DFR) is different to the individual responsibility rationale (IRA), in so far as the latter involves thinking of productive activities in terms of duty, and this is held to in public policy and discourse though it conflicts with personal motivation (the DRF), e.g. it is a basis for conditional income support (direct behaviour control). My point, however, is that the boundaries between the two forms of rationale are quite fluid, e.g. it is possible that what people really defend when supporting the idea of effort as a source of entitlement, or promoting a social ethic of structured work, is a version of the DFR, e.g. structured opportunities and rewards motivate, respectively, forms of self-development, and senses of contributory commitment and recognition, either of which persons have reasons to value (Haagh, 2011b). In this context, IRAs can be seen as a politically more primitive response to developmental realities, e.g. the emphasis on duty and control is more likely where, relatedly, cooperation and/or developmental protections and incentives (institutions) are weak.<sup>11</sup>

Coming back to KP's argument, I argue the 'encompassing' welfare system they – on account of pensions – ascribe to some Nordic states, necessarily forms part of a wider system of shared security, in which the viability of its parts rests on a broader, and politically sustained, orientation in public policy towards the promotion of life-cycle centred security: Notably, KP do not include Denmark in their encompassing typology, on account of Denmark's basic pension. However, more broadly conceived, the Danish welfare system is clearly encompassing by their methodology, given the level of public incorporation of systems of education, training, unemployment insurance, and early retirement (Haagh, 2011a,

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<sup>11</sup> There is evidence that more cooperative systems educate political values; e.g. welfare values are more differentiated (Edlund, 2007, 63–71), more accurately reflect social reality, and are more coherent (Svallfors, 2007, 215), and less gender diverse (Oskarson, 2007, 137), in Nordic states, institutions' design being cited as a factor in this (Pettersson, 2007; Svallfors, 2007).

2012; Part 4.4, below). The Swedish pension reforms of the 1990s (the three-tier model that Piketty recommends, 490) are also an outgrowth of this (in reality long-established) tradition of at once developmentally shaping, and smoothening out, inequality generated in the sphere of production. Specifically, earnings-relatedness itself is enabled by a developed interface between institutions that level access to, and raise finance for, education and structured activity, and so extend stability *across* occupations and human activities. Examples in Nordic states (below) include high public subsidy of structured (private sector) apprenticeships as alternatives to university training, and a high level of public (protected and skills-based) employment in care. This means structured security is a source of sustaining real occupational choice.

### 4.3 Quality of institutions and informal relations

Meanwhile, developmental policies also have indirect effects on social relations, including behaviour-paternalist state policy, and (informal) gender relations. With respect to the first, it is easy to recognize that factors such as greater occupational funding, in Nordic states, renders paternalist policies less punitive (KP98; Haagh, 2011a; OECD, 2007a, 223), and so moves society closer to an incentive (as distinct from compulsion) model of economic activity. In addition, evidence of impacts of formally more equal time on *informal* equality – and so decentred politics – in Nordic states, is the notably more equal sharing of housework.<sup>12</sup> However, this effect, as well as a higher sense of control in the workplace, is also influenced by how developmental education favours an allocative (as distinct from competitive-selective) distribution of dynamic positions in occupational life, and this promotes gender equality.<sup>13</sup> Public policy in Nordic states explicitly supports this relation by seeking to affect institutions' design, as I examine next.

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<sup>12</sup> OECD (2011a). In all OECD countries recorded, women spent more time in care for children than men, but Denmark, Sweden and Norway had markedly lower differences, with women only spending 57, 72 and 73 minutes per day more than men, followed by Norway and Finland and Belgium at 91 and 92, as compared with 104, 110 and 123 in the US, Holland and Britain.

<sup>13</sup> The Eurofound (2012), 2010 dataset shows that control of tasks at work was felt to be significantly higher on average in the four Nordic countries compared to other OECD states, at 85% in general and 74% among low-skill employees in Denmark, as compared with 70 and 52% in the UK, at about the average. The sense of control of time in general and among the low-skilled was also much higher in Nordic states, along with Holland, at 46% among the low-skilled in Denmark compared with 25% in the UK, who felt they had control, with similar low rates in Southern Europe and Ireland.

## 5 Education, socialisation and the structure of equality

Education is arguably at the heart of Piketty's point that the structure of inequality matters, and also my argument that – given the nature of human time – composites of egalitarian distributions impact on the form shared security in society takes. Specifically, education illustrates both the reality and need of social organisation, as learning is at once a developmental process, and a social relation. In light of this, education resource inequalities, and the form learning and selection to occupations take, have strong effects on, relatedly, equal standing, developmental freedom, and direct politics in a range of institutional settings. To illustrate, I look below – with a focus on Britain – at how education inequalities affect the impact of individual policies, norms, occupational stratifications, and, in general, institutional development.

Structural inequality – including as generated in the private economy – affect the human development and inequality impacts of public spending. Because inequality and public spending in Britain have both risen, the former exceptionally, in the recent period, during especially the 1990s and 2000s, developments in this case offer a good illustration of the above dynamic, of depreciating impacts of public investment under high inequality. Notably, between the mid-1990s and 2005, public expenditure on state schooling rose (under the 'education, education, education' policy of Labour) faster than in any other country of the OECD, at 146% (against an average of 138% for the OECD).<sup>14</sup> Yet, in only 7 years, between 2000 and 2007, the share of public finance for elementary education fell from 88.7% to 78.1% (the lowest level in the OECD), whilst the share of pupils attending state schools remained constant.<sup>15</sup> In 2006, Britain had one of the most unequal distributions of class sizes between the public and fee-paying sector in the OECD (a ratio of 18.6 to 7.2 between state and fee-paying schools, Haagh, 2011a). According to the Sutton Trust, inequalities of access to top professions in Britain, already high, steadily rose as well.<sup>16</sup> An index of education equality, expanding on Haagh (2012, 582), covering 22 OECD

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<sup>14</sup> OECD (2008a).

<sup>15</sup> The US retained a higher degree of resource equality at elementary level, as the level of public funding in this period, at 91.6% and 91.4%, remained unchanged. In short, in Britain private finance grew more dominant despite the rise in public expenditure.

<sup>16</sup> According to the Trust (2007, 2005), in the late 2000s, 53% of top jobs (of a sample of 500), were held by former independent schools students, only slightly lower than two decades earlier (at 58%). However, looking at recruitment at the top of the legal profession suggested a renewed tendency to favour independent school graduates, at an estimate of 71% of recruits in 2004, as

countries, places the UK as the most unequal (the next being Italy, the US and Portugal), and the Nordic states the most equal, in order of Denmark, Sweden, Finland, and Norway, followed by Belgium, Holland and France.<sup>17</sup>

A key point here, however, is how stratification of funding shaped institutions' design, by incentivising a model of competition for public funding that made an internal hierarchical structure of learning a means to demonstrate performance in competition between institutions. To exemplify, along with the growing stratification of funding, practices of early de-selection of weaker students in Britain intensified as – in an attempt to mimic the best of the fee-paying sector at the higher tier – more segregated ability-teaching in state schools – from the earliest age – became the norm.<sup>18</sup> Piketty (486) observes, by relevant contrast, how greater public finance for higher education in Nordic states went along with decentralised governance. In fact, and to illustrate further, a high level of developmental equality in elementary schooling and direct politics is promoted by Nordic states. E.g. there are more students in independently (parent-) governed schools (13% in Denmark against 7% in the UK). In Denmark many charge a small fee. But, historically, Nordic states have placed a direct cap on fees (ban in Sweden, Steinmo, 2010, 73), or/and have reduced incentives for schools to charge fees (by public subsidy). In addition, they have set out developmental objectives, to include elimination of grading (Steinmo, 2010, 71).<sup>19</sup> These policies have been intended to facilitate open

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against 59% in 1988 (2009,7), leading the Trust to conclude that greater openness to state school pupils in the 1960s and 1970s was temporary.

**17** The index is not intended to be complete but, by combining features of access and funding, to present a more robust picture of inequality structure and direction of change. Notably, in the late 2000s, Britain also saw a seismic shift in higher education funding that is unprecedented in the OECD in its rapidity and scale, and so de-democratised access along the lines Piketty details for the US and France (486–7), but in possibly a more radical way. The share of public spending in tertiary educational institutions went from 80% to 36% in only 12 years, from 1995 till 2007, bringing the UK in line with the US at this level.

**18** See further Sutton Trust (2014a).

**19** According to the Danish Education Ministry's paragraph 107, public subsidy of independent schools should be of a level, "to correspond in principle to the cost of running a state school, minus monies paid by parents", which was set in 2002 at a yearly amount of 7,600 Danish Kroner (Undervisningsministeriet, 2004), or about £8,000 in that year. In 2013 currency, fees are about Danish Kroner 1500, or £1,736 per annum, which is roughly 11 times less than day fees at a top British private school (e.g., in the region of £19,620 p.a. for Abbotsholme School in central England, ranked at the top end of regional schools by the independent consultancy firm Sue Anderson Consultants). Even for the same type of school – Steiner, the fees are about 5.6 times higher in the UK (Kr. 15,500 or about £1,737 per year in Århus in Denmark in 2013, and £9,800 in Hounslow, UK. (<http://www.steinerskolen-aarhus.dk/information/skolepenge/> and <http://www.stmichaelsteiner.hounslow.sch.uk/information/finance.html>).

meritocratic trajectories. Persistence of mixed ability teaching throughout schooling, and diversity of occupational choices – to include funded apprenticeships (covering up to 40% of school leavers in Denmark, and 21% of private firms participating, Anker, 1998) in the late 1990s, are the products of developmental public policy.<sup>20</sup>

Relatedly, occupational inclusion can be measured by how well those with lower levels of education are positioned relative to other groups, to include relative levels of employment, unemployment, and incomes. An index of these and other occupational outcomes – to include continuous access to education and training of groups with less formal schooling – and general wage dispersion – in OECD countries (Haagh, 2012, 584), is revealing of lower inequalities in Nordic states, in order of Sweden, Norway, Denmark and Finland, followed (at a distance) by Belgium, and France.

The measures of relative education return rates, elaborated from OECD data, were based on women's employment. I assumed intra-gender differences in the effect of education levels on occupational life would be higher. That is, given women's vulnerability within the human economy (fertility and care roles), there are significant indirect (for short *institutional*) effects of child-care and public employment- as well as in general rights, regulation and services; e.g. including as they have summative systemic effects in the form of, relatedly, less stratified, and overall higher, levels of – in occupational terms –developmental opportunity, and dynamic control.

To give an example, income levels among women with lower secondary schooling are higher, and relatively less distinct, to the level of those with tertiary schooling, in Nordic countries. The lowest dispersion is in Denmark, where the lower secondary rate is 83% of the secondary, and the tertiary 124% of the secondary, in 2008, which is only markedly more unequal than in 2001. Sweden is closest to this level (followed by Norway and Belgium). At the other extreme are Ireland, the US and the UK, in the latter with the lower secondary group earning 70% and the tertiary earning 180% of those with secondary degrees.<sup>21</sup> These figures are only indicative of – do not directly measure – the extremes of the earnings dispersion that we are familiar with from the press

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**20** Notably, this compares with only 64 companies *overall* in Britain reportedly taking apprentices, in 2007, at the height of pro-apprenticeship policy, under Labour's flagship Job-Centre Plus network, Financial Times, 10<sup>th</sup> September 2007, 2.

**21** Elaborated from figures in OECD 2010a, as an update on the index in Haagh 2012, mentioned. Moreover, Britain in 2013 had an average – but by education the most divided – share of youth (15-to-29-year-olds) not in education or employment in the OECD: 24% with low schooling were inactive, as compared with 8% with high education. In Denmark, Sweden and Norway the figures are (10.3, 8.2; 8.1, 4.9; 9.8, 6.6). OECD (2014, 103).

(e.g. bankers' bonuses or executive to average earnings). Yet, they suggest that there is a link between the rise and system effects of hierarchy – appropriation of resources (including as transferred into schooling) – by a small group, and how *generally* institutions are structured. In other words, once inequalities in core developmental services arise, this has dynamic effects on how other institutions that frame core human activities are structured, and these reinforce the sources of fragmentation within the system.

## 6 Public finance and the cooperative bases of human development policy

Whilst the reasons for the trends described are complex, it is worth highlighting how the scope for developmental policies is greater where the focus is more on universal services, and less on inter-group redistribution, e.g. targeting is not very narrow, or itself the norm. In other words, it is important to stress how the redistributive features, dynamics, and outcomes of public finance systems are politically based (Rothstein, 1998). To illustrate, the US is a good example of a highly redistributive system of tax, narrowly conceived, e.g. in the OECD's (2008b, 104–5, strict) definition of progressiveness of tax – as the relative share of tax paid by the highest earners. However, whilst the rich may pay a larger share of public finance, the share of public finance in GDP compared to other countries (e.g. Northern European states – as well as the UK), is low. Marginal tax rates in the US are not that high (for instance compared with Nordic states). The large share of the rich's contribution is an effect both of the wide span of earnings (OECD, 2008b, op. cit., 36), and of the high earnings threshold at which higher rates set in (at 9.6 times the average wage in 2009, up from 8.9 in 2000, the highest in the OECD).<sup>22</sup> The system has strong self-reinforcing features, e.g. an upshot of the weak emphasis on human development promotion (including as might lower the span of earnings through education and occupational policies), is to both widen the earnings spectrum, and lower the (especially median and lower end of the) contributions base for tax, further weakening the political base for universal developmental policy. There is a politically similar, though differently structured,

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<sup>22</sup> The marginal rate was lowered in this period from 48% to 43.2%; whilst the marginal rate in Britain, Sweden and Denmark was (40% and 51% – temporarily – returning to 45% in 2013), (55.4 and 56.5%) and (63.3 and 62.8), in Denmark at 1 multiple of the average wage, and in the UK and Sweden at 1.4 and 1.5 multiples only. OECD (2010b).

weak basis for human development policy in the British system, albeit with some historic exceptions, e.g. health (but this reinforces the importance of political factors, as health is one of the few highly consensual items of public spending in Britain).<sup>23</sup> Notably, in Britain the share of the tax burden of middle groups is higher (than in the US), but lower marginal rates and declining real wages combined with a large commitment to passive (if low level) income support, have contributed to deepen cuts to universal (and middle-class inclusive) services over time, the economic crisis being only the latest phase in a long development.<sup>24</sup>

To stress the politics of public finance, as distinct from its narrow redistributive features, I have defined systems as more or less progressive in terms of their level, democratic structure, and orientation in respect of promoting human development, and – to that end – reduce income inequality (Haagh, 2012, APSA, 2012). Specifically, one can speak of (at least) two, dynamically related, aspects of more democratic embedding of public finance in the Nordic cases, despite their (on the OECD definition) less progressive tax. The first, in the structure of tax – its high level in relation to all groups, in addition to the progressive elements; and the second, its strategic orientation in relation to the promotion of human development, and low inequality. My point is that these trends reinforce each other. With respect to the first, notably Piketty (2014, 495) comments on the solidarity structure of the Danish (high) income tax pot – e.g. its use to finance a range of services; the point to stress being how broad legitimacy around this lower earmarking requires a high level of shared security in individual experience.

As evidence, my index of progressive public finance (Haagh, 2011a, 2012) details differences between OECD countries' spending on policies designed to develop and stabilise individual's time and activities, to include leave, training, subsidy of employment and child-care on which (at opposite ends of the scale)

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**23** Public morality in Britain reflects these institutional tensions. According to a survey from 1996, recorded in Svallfors (2006, 69), 41% and 44% of respondents in Britain (and 28% and 32% in the US, and 10% and 11% in Sweden) agree it is just that the better off can pay for better health and schooling. But British people are more likely than Swedes to think the government should also support the sick and old (at 82 and 73%, and 71 and 69% in Sweden), but *not* those of productive age – e.g. the unemployed (at only 29% compared with 39% in Sweden). Britons were also more, and over time increasingly, likely to support income redistributive policies (Svallfors, 2006, 61); but are significantly less supportive of high and progressive taxation than Swedes (Edlund, 1999, 118). Swedes' support for high taxation has continued to grow and become more universal across social class (Svallfors, 2011, 811–812).

**24** The UK's 2013 marginal rate tax cut was according to accountants KPMG, reported in the telegraph (3rd December 2014), the largest in the world that year.

combined Denmark, Sweden, Britain and the US spent, respectively, 2.23, 0.92, 0.42 and 0.3% of GDP, in 2008/2009. Denmark spent nearly *twenty-four* times more as a share of GDP on re-education and supported employment (typically where public finance supports integration of vulnerable groups) than Britain in 2008/9 (Britain's low spending being surpassed only by Mexico in the OECD).<sup>25</sup> High spend on child-care in Nordic states is, according to the OECD (2007b, 138), a function of commitment to both high coverage (of populations and time), and quality (educational content).<sup>26</sup>

The tendency to integrate education and care (use of school buildings for after-school care– and decentred parent involvement, OECD 2007b, 146), are indicative of institutions' mutual effect, and higher functional, cost and political effectiveness, in the context of human development promotion. E.g. the way these forms of effectiveness upscale each other (and support relevant freedoms) is *institutionally* based. They are monetarily costless (or cost-saving), but in political and human development terms they have transcendental effects, including by generally raising and de-stratifying positions of independence that persons, in function of the combination of sources of security, are able to hold.<sup>27</sup> These examples of contrasting levels of human development commitment point, then, to the broadly political bases of what I call static control to indicate levels and distribution of opportunities to balance core activities (occupation, leisure and care, Haagh, 2007) in society, and so – relatedly, in Gheaus' (2008) terms, to enjoy gender symmetrical life styles.

More broadly, as argued above, the contrast between in public policy prioritising human development promotion or the distributive frame is to deepen, respectively, a horizontal-developmental, and a hierarchical-competitive, system trajectory, e.g. as shown in differences in educational systems (above).

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**25** This followed radical cuts in re-education (and smaller cuts to childcare) in Sweden, from levels of 1.57% and 1.32% of GDP in Denmark and Sweden in 2006. Notably, in 2008/9 Denmark spent 0.4% of GDP on child-care, against 0.8% in Britain, and 1.43% of GDP – against 0.06% in Britain – on re-education and supported employment. The US spent 0.20% of GDP. OECD (2010c, 2011b).

**26** The way care is taken seriously as an educational experience is also shown in the low child-to-carer ratio policy, and emphasis on child-carers' educational qualifications, as are significantly higher in Nordic states (OECD, 2007b, 144–6).

**27** According to the OECD (2007b, 159), only in the Nordic countries is there in existence a “...policy model [that] ensures that combining work and family responsibilities is a realistic life choice” (brackets added).

To illustrate further, in Britain, public policy has moved towards greater subsidy of production, but this has taken largely the neutral form of tax credits, hence underwriting the structural decline of real wages (Atkinson, 2015, 226). In parallel with this, strategic public finance of services that would support individuals in jobs – like subsidy for child-care – has dwindled. According to the UK Family and Child-Care Trust, between 2009 and 2014, child-care costs in Britain – already the most expensive in real terms – because least subsidized – in Europe, rose by 27%, whilst real wages remained stagnant. A UK family spends on average 26.6% of their income on child-care, only surpassed by Switzerland in the OECD, where wages are both averagely higher in real terms, and less stratified. In Britain, a growing number of women in especially part-time or low-to-median-wage jobs, report being forced out of work due to the cost.<sup>28</sup>

The British case, then, bears out again the general reasons (2) to assume positions of equal standing in different developmental dimensions, and in terms of gender, and near-political and state-citizen, relations, mutually consolidate or fragment, as proximate institutions affect each other. As a further manifestation of this, there are apparent interaction effects between a continued dilution of protective labour standards, and a strengthening of punitive forms and effects of state policies vis-à-vis unemployed people. For instance, in Britain, a scheme of unification of benefits, begun in 2013, was combined with a policy to tighten behaviour controls and plans to align benefit adjustments with flex-work (through a new ‘realtime information system’ – to raise the frequency of employers’ reporting of earnings). In parallel with this, and wishing to set a precedent, the Employment Minister, Ms. McVey (Guardian, 8th May 2014), supported moves to permit removal of benefits from claimants refusing work on zero-hour contractual terms. At the same time as previously universal (child) benefits became heavily means-tested, starting in 2009, access to income assistance became further detached from housing stability (the so-called bedroom tax).<sup>29</sup>

In sum, all OECD – including the Nordic – countries have proceeded with cuts and a tightening of benefit terms. However, focussing on this similarity during especially a period of global contraction, risks ignoring the significance, depth, and persistence of differences. The perhaps most radical benefit

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**28** The Family and Childcare Trust (2014) and <http://www.bbc.co.uk/news/education-26373725>.

**29** Introduced in April 2013, the ‘under-occupancy tax’ is intended to entice residents to move or take a tenant to cover costs in cases where benefit claimants are found to have a bedroom to spare.

cut undertaken in Denmark – in 2010 – involved halving of the period during which contributors to unemployment insurance funds can receive earnings-related benefits (from four to two years; OECD, 2014,115). When Sweden over a decade earlier (in the early 1990s) implemented what was then considered system-altering changes, one of the more radical measures involved cutting back the initial value of earnings-related benefits from 90 to 80 % of the previous wage. Considering no equivalent system exists in Britain – e.g. developmental (effectively earnings-related) protections were purposefully ended in successive reforms in 1982 and 1988 (Clasen & Clegg, 2006, 540–41), and never instated again, including by Labour governments, puts the seeming harshness of the Nordic reforms in perspective, as well as the systemic, more than the ideological, or political party, bases of the Anglo-Nordic divide.

Earnings-related benefits – or the possibility of them – remain – like KP's (1998) example of the contributory pensions – a cornerstone of life-cycle-related income security in Nordic states – e.g. of measures that support dynamic control, and not the only element, with early retirement funds having played a parallel role (although these are being scaled back, till the earliest retirement age possible will become 62 years – in 2022; Nielsen, 2012). From an egalitarian perspective, however, this cut in early retirement is comparably modest. Denmark still has the most generous (bar Luxembourg), and long-lasting, earnings-related protection system in the OECD, and the highest investment in re-education and child-care (OECD, 2014, 115). An overly simplistic focus on cuts over, notably, the developmental security structure, might also miss how Denmark's level of basic protection – after earnings-relatedness – has a different impact on relative poverty (to Britain) because the lowest wages are closer to median and average incomes (OECD, 2014). Greater means-testing can be done in the context of universal provision or defined (as in the UK) against it: So, whilst Denmark – like Britain – have begun means-testing child benefits (in 2014), the benefit is not – as in the UK – cut altogether for higher earners, but at a roughly equivalent (slightly higher) income threshold (of Danish Kr. 713,100) is reduced by a, comparably insignificant, 2%.<sup>30</sup> Again, comparison illustrates the importance of focussing not on the principle of individual policies –or, at least, in doing so, of not losing sight of the overall structure and developmental orientation of political systems.

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30 Børnepenge –børne og ungeydelse, Babyxplore.dk, 3. December 2014.

## 7

For basic income, and liberal egalitarian, inquiry, generally, the role of complex interventions involved in promoting human development raises difficult issues. For one thing, the implication is that freedom cannot be reduced to maximising equal resource distributions, nor is it compatible with any level, or form, of (high) inequality.

A strange outcome of the commitment to the distributive and moral, as distinct from the cooperative and developmental, frame in Anglo-liberal public policy and egalitarian thought is that public (monetary) distribution must do all the work in relation to justice. This creates what from a solidaristic and humanist perspective looks like a strange position: e.g. to conclude from the difficulty of (monetarily) weighing the worth of human activities (effort, above), that public concern about human experience, including productive and gender relations, can be satisfactorily settled in the income dimension. Today's economies are more complex than ever before, and so whilst this makes the case for BI more persuasive, it also creates the bases for a more active developmental perspective. Reimagining the bases of developmental policy is thus important at the same time as making the case for BI is important, and both entail forging more cooperative institutions generally.

Moreover, what is at stake involves being watchful of how received statistics and convention reinforce each other in public debate. One is reminded of Franzosi's (1995) excellent treatise on strikes, which argued that the modern perception of industrial conflict, as driven by unions' activities' (as distinct from capitalists' organisation), emerged from what, historically, the formal (police) records allowed statisticians to assume about cause and effect. The point here is that whatever particular, in principle contingent, way institutions are formalised, constructs our perception of problems, and has the effect of rendering norms, academic analysis, and state policy, tools to reinforce or reinvent the status quo in that image. Today, this reality is a basis of a new and growing danger of, again, narrowing the terms of the problem of social justice that is especially acute in the Anglo-liberal states that since the 1980s have pursued campaigns of informalising economic and social relations. An upshot is to indicate that we should take the charity status of British private schools as evidence that such schools have no significance for distribution debates, because *they do not receive subsidies*. However, to say that private schools thus cannot be accounted for; or, on account of the small number of secondary students attending them (about 7%), they fall outside the purview of public debate, is tantamount to making the field of distributive justice in practice

irrelevant: In Britain, private pupil's chances of entering elite universities (Oxbridge) (as compared with other pupils) is about 55 to 1 (Sutton Trust, 2014b, 7). Moreover, the parallel existence of these schools structures the terms of competition among the rest, as already argued.<sup>31</sup>

An implication is that we need to be less concerned (not unconcerned) with the exceptions (disasters, extreme violence or poverty, famines) and the contrast between start and end points (childhood versus adulthood) as the sole standards by which we accept public interventions are relevant. Granted, blurring the line between beginnings and endings is not analytically neat from a strict egalitarian point of view, or for an idea of liberty that requires that direct politics and individual transaction play leading roles in institution-formation.

However, notably, the Anglo-Saxon states, especially Britain, have been highlighted here as – especially their recent – evolution, shows how informalising institutions does not resolve problems of domination or stratification, but tend to reinforce these related phenomena. On the other hand, the Nordic cases have been examined, not as they are perfectly just, or human development promoting, but they have offered – in institutional terms – more comprehensive and democratically-based, formal responses to the problem of human development. Human development challenges in Nordic states are ongoing and multi-fold. Accommodating immigrants' cultural traditions (Thelen, 2014, 150, 199–200); updating especially adult education so it is more democratic, and purposeful – as well as more imaginatively tied to employment, production, conservation or/and services, in short, developmental innovation; tackling new difficult questions concerning the respective rights of children and parents in the context of emphasis on parental equality in divorce (Friðriksdóttir, 2015) – are just some of the ongoing quandaries that – albeit shared with other countries – have specific Nordic dimensions.

So, to be clear, the Nordic democracies are, besides being in fact quite different, not without problems; and the Nordic and Anglo-Saxon states have key similarities – open trade traditions, embedded legal-democratic cultures, effective public bureaucracies, forms of labour market flexibility, relatively developed social assistance – that make comparison more relevant. But the point here is how highlighting differences in developmental public policy is important, and all too easy to overlook when thinking about ways global capitalism is uniform in the challenges it poses (Streeck & Schäfer, 2013), or/and relatedly the BI itself

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<sup>31</sup> For an excellent study of similar dynamics in a – on some accounts – similar system in Chile, see Helgø (2002).

offers a moral or/and institutional response (Van der Veen & van Parijs, 2006). Therefore, it is the contrasts – as have grown more pronounced from an institutional point of view since the 1970s – that are emphasized here, as they are of historical interest, given Nordic states' relatively high level of cooperative formalisation of the human economy, and embedded political capacities this entails in terms of envisaging, contesting, and addressing, human development problems.

Specifically, with regards to BI and democratising human development, a lesson is that forms of personal control and direct politics, to which BI contributes, are also shaped by state-level public policy in a systemic way. Notably, leaving aside the case of Holland (where work and care time is quite gender unequal, Haagh, 2011a, 2012) the Nordic states on average have the highest levels of what Goodin et al. (2009) call unstructured – or leisure (non-employment) – time in the OECD (Haagh, 2011a). Yet you could not argue that the other social liberties also enjoyed in Nordic states came about (mainly or even largely) as a result of the agency or direct politics created by leisure time. More leisure time, and more gender equal care, and what these amount to in the form of direct politics, came about not despite, but as a result, of the structured (developmental) liberties – e.g. in the realms of education, occupation and care. That is why it is important to emphasize the BI's key, but delimited, role as a source of human development. In short, an over-arching justification in terms of life-long human security, as distinct from strict monetary equality, or/and full system-autonomy, makes it possible to emphasize different positive contributions a BI makes, without having to assume those have origin in divergent systems of welfare, or that the BI conflicts with other developmental distributions and policies. A BI reform is necessarily an outcome of organised politics and complex systems of welfare, not the other way round.

## 8 Conclusion

To conclude, this essay has pointed to the relevance of a developmental conception of freedom, and of systems analysis, in relation to the study of human development and the BI debate. The upshot of a human development perspective is to create a basis of unity – in the emphasis on life-long human security – between different core strands of BI justification, e.g. the real libertarian (primary) emphasis on social autonomy, and the human development emphasis on developmental sequences and equality. Specifically, it is on account of its regular and permanent form that the BI contributes both to

relative system autonomy (constant control), and to persons' ability to imagine and create forms of connection between sequences in their lives (dynamic control), as well as to their equal standing with others. However, in addition, my argument is that these effects are not only complementary, but necessarily relative and contributory. Like a BI reform itself, they are ultimately dependent on the wider political embedding of relatedly equality and human development as core public values.

In relation to Piketty's work, systemic analysis of human development brings out more clearly the way developmental forms of inequality are problematic, e.g. for processes of education and (I argue) gender equality, and they are a key reason both high wealth and income inequality are a concern. Reforming capitalism in a more humanist direction depends – as Piketty also intimates, on raising the fiscal capacity, cooperative bases, and developmental orientation of social states.

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