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**The Administrative Efficiency
of Basic Income**

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ABSTRACT

Basic income advocates typically praise the administrative efficiency of universal income maintenance. This article exposes several misconceptions, unwarranted generalisations or careless assumptions that permeate discussion of the administrative properties of basic income. Each of these obscures a significant constraint on the possibility of administrative savings, or else inflates the likely size of such efficiencies where they do exist. Our analysis also reveals a number of important political choices faced by policy-makers and advocates intent on implementing an administratively efficient basic income policy. The absence of systematic administrative analysis in the basic income literature has obscured these hard choices.

RESUMEN

Los defensores del ingreso ciudadano elogian la eficiencia administrativa de una política de sostenimiento de ingresos de carácter universal. Este artículo expone algunas concepciones erróneas, generalizaciones injustificadas o supuestos poco cuidadosos que permean la discusión acerca de las propiedades administrativas del ingreso ciudadano. Cada uno de estos elementos oscurece la presencia de restricciones significativas con respecto a los beneficios administrativos que pueden derivarse de la propuesta o sobrevalora el tamaño de esos beneficios allí donde existen. Nuestro análisis también expone un número relevante de opciones de política que enfrentan quienes buscan implementar una eficiente política de ingreso ciudadano. La ausencia de análisis sistemáticos acerca de estos temas ha oscurecido el debate en torno a estas opciones.

The Administrative Efficiency of Basic Income

Jurgen De Wispelaere and Lindsay Stirton*

1. Introduction

Basic income advocates typically praise the administrative efficiency of universal and unconditional forms of income maintenance. Guy Standing (1999: 362-363) writes that an unconditional basic income “would save on administration costs because it would simplify the complex schemes, make them more transparent and reduce the amount of intrusive enquiry.” Similarly, Philippe Van Parijs (2004: 20) acknowledges that “there are administrative costs”, but argues that “assuming a computerised and efficient tax-collection and transfer-payment technology, these are likely to be lower under a universal, ex ante scheme than under a means-tested, ex post one, at least for a given level of effectiveness at reaching the poor.” Most stridently, Claus Offe (2005: 72), basic income “is an alternative to welfare policy that radically economizes on the administrative overhead costs of fighting poverty, provided that the BI transfer is sufficiently high to afford the basic means of subsistence.”

In this article we argue that a number of misconceptions, unwarranted generalisations or careless assumptions permeate discussion of the administrative efficiency of basic income. Moreover, this *administrative efficiency thesis* is typically only implicitly assumed in the claims of basic income advocates, and where discussed explicitly is often done so in a cursory, general, and often one-sided fashion. Our main goal is to subject this claim to a proper, systematic administrative analysis.

Underlying much of the discussion seems to be an assumption that administration is a ‘bad’ —at best a necessary evil, at worst a barrier to the achievement of basic income’s underlying policy goals. While we can sympathise with such negative perceptions, given the deliberate administrative obstruction sometimes faced by welfare claimants (Handler, 2004; Handler and Hasenfeld, 2006; Raventos, 2008), they obscure the necessary, positive contribution of administration to the realisation of *any* income maintenance policy. In particular, while a basic income may be *nominally* universal if no restrictive conditions are attached to a grant, for a scheme to be *substantively* universal, everyone within the population of eligible beneficiaries

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must actually receive a basic income. The policy choices and administrative challenges entailed by ensuring basic income is substantively universal are considered in Section 2.

Moreover, there are trade-offs between different types of administrative efficiencies. Basic income advocates tend to assume that reducing bureaucratic effort goes hand in hand with reducing the burden on beneficiaries –including the effort of claiming a grant and the indignity and hassle of an intrusive claims process. We suggest to the contrary that in some cases these two types of administrative efficiency run counter to one another. Basic income advocates must therefore decide which sense of administrative savings to prioritize. We address this choice in Section 3.

Quite a different set of concerns arises from a tendency amongst basic income proponents to overgeneralize claims about administrative savings that may hold in restricted situations. In Section 4, we argue that only a narrow subset of the many schemes which now increasingly fall under the rubric of basic income dispense with the sort of qualifying tests that are said to produce the most dramatic administrative savings.¹ Since these radical proposals have proven politically intractable, basic income advocates have recognised the need to consider various compromises, whereupon these qualifying tests and their administrative costs re-enter the picture.

Furthermore, as Section 5 argues, even the fully unconditional version of a basic income, as proposed most famously by Philippe Van Parijs (1992, 1995, 2001, 2004), may generate fewer administrative savings than basic income advocates suggest. This is the case when many of the administrative costs of such schemes are common to the administration of other policies, and could not therefore be avoided by the introduction of a basic income alone.

Finally, in Section 6, we argue that the real extent of administrative simplification that might accompany the introduction of a basic income depends on a number of specific design features – e.g., the level of the grant– that determine whether they *replace* or merely *supplement* a myriad of selective benefits. In the latter case, administrative savings may be significantly lower than is suggested by some of the more extravagant claims of basic income advocates.

We believe that understanding these administrative issues is essential to the design of a viable basic income scheme. Our aim is therefore not to cast doubt on the feasibility of basic income in general, nor even to deny the possibility that unconditional basic income schemes might prove more efficient than its rivals in the final analysis. We merely propose that claims of its administrative efficiency should be properly grounded in a systematic analysis. In addition, we believe that such an analysis will further assist the case for basic income by requiring advocates to appreciate and accommodate concerns that hitherto have been neglected. As this contribution shows, administrative questions often raise *hard political choices*. If basic income is to make it off

¹ Claus Offe (2005: 71-72) points out that a substantial basic income dispenses with four of the five key tests of traditional welfare policy: the means test, the needs test, the family test and the employment or employability test, leaving only nationality or residence tests to be administered by welfare bureaucrats.

the drawing board into the policy arena, a more detailed and realistic outlook on familiar administrative challenges at the level of implementation will prove to be essential.

2. Nominal and Substantive Universalism

When basic income advocates think about administration they typically see only cost and intrusion. Much of the discussion of administration among basic income advocates bemoans the high administration costs of means-tested and conditional selective policies. There is by now a wealth of literature on the many complexities inherent in the administrative processing of welfare policy, and its associated costs and burdens on welfare recipients and taxpayers alike (e.g., Handler 2004; Handler and Hasenfeld 2006).²

But too much of a fixation with this negative experience of welfare administration obscures the extent to which an effective administrative apparatus is vital if an income maintenance or welfare program is to be substantively, and not just nominally, universal—and this may be costly. Basic income is *nominally* universal when it does not impose any overt restrictions on eligibility so that every citizen is in principle entitled to a grant. But unfortunately this does not in itself ensure that every citizen ends up receiving a basic income. Hard-to-reach social groups—such as the homeless, people with a disability or mental illness, or immigrants—may still fall through the cracks of the system. Philippe Van Parijs (2004: 13) believes that, with a basic income, “[f]ewer amongst the poor will fail to be informed about their entitlements and to avail themselves of the benefits they have a right to.” But in our view he underestimates the problem: even if fully informed, it is not obvious that the poor will therefore avail themselves of those benefits. Moreover, to state merely that, with a basic income scheme in place, *fewer* of the poor will fail to access their entitlements implies a rather weak goal, in particular since those who remain excluded are amongst the most vulnerable in society. Instead, one might think it defensible to spend a higher proportion of the overall costs of a welfare programme on its administration if this results in a *substantively* universal scheme benefiting a larger proportion of these marginalized groups. In short, basic income advocates conflate nominal universalism (the absence of restrictions) with substantive universalism (the real inclusion of all eligible recipients).

To illustrate, consider that one of the central tasks of welfare administration is to identify those within the population who meet eligibility criteria for a grant, and to distinguish then from those not so entitled. Basic income scholars correctly assume that by establishing a universal scheme they can eliminate the task of monitoring compliance, but fail to appreciate that eliminating restrictions does nothing to identify all those who are eligible. Creating and

² To illustrate, Jodi Sandfort (2000: 735) notes that the mere list of standardized forms to be used in the processing and following up with US welfare recipients adds up to an astounding 33 pages.

maintaining such a list or *cadaster* of those eligible for a grant will be central to the effectiveness of any income support scheme. In his work on tax administration Christopher Hood (1994: 118) identifies *cadasterability*, defined as “the property of being applicable to a readily identifiable group of taxable [in our case ‘creditable’] units”, as one of the properties of an administrable policy. However, the more universal an income maintenance scheme, the more encompassing the relevant cadaster, and the greater the effort required to keep it up-to-date and reliable.

Basic income is particularly demanding in this respect because the absence of restrictions and its universal scope quite literally implies the relevant list must cover almost the whole population.³ While some countries have robust cadasters covering the entire population –in part because they employ a system of compulsory identity cards linked to a central database⁴– many countries lack any suitable existing cadaster of beneficiaries. In such cases, the commitment to a substantively universal basic income would require the construction *ad novum* of a separate cadaster. The alternative would be to rely on less encompassing and typically less reliable cadasters already in place, such as voting registers or social security databases. The problem with these is that they are not nearly as universal as often assumed: voting registers, for instance, typically exclude whole categories of people who would otherwise meet eligibility requirements for a basic income, especially in those countries which require individuals to register themselves on the electoral roll.

Once eligible individuals have been identified, the next administrative task is to disburse payments to beneficiaries. Again, Hood (1994: 118) provides inspiration, defining the *conduitability* of a tax as “the property of being assessable and collectable [in our case ‘payable’] through a relatively small number of ‘bottlenecks’ at which oversight can economically be applied.” The problem here too is that the vulnerable and hard-to-reach groups mentioned earlier are effectively excluded from the system by their lack of access to commonly used payment systems. For example, in the UK, it is estimated that in 2007/2008 some 890,000 people, or 690,000 households, had no access to a basic transactional bank account (Financial Inclusion Taskforce, 2009). Predictably, these ‘unbanked’ households disproportionately included some of the most disadvantaged groups.

It is often argued that payment of a basic income ideally ought to make use of a single but universally accessible payment mechanism, such as the tax-credit system or a ‘basic income debit card’ (e.g., Standing, 2002). However, there are grounds to think overlapping systems may be more effective at reaching out to hard-to-reach beneficiary groups that require special policy attention: beneficiaries who are homeless or excluded from the formal labour market, and hence

³ Exceptions might include prisoners or people institutionalized in care facilities, children, expatriates, and some immigrants. But the important administrative challenge here is not the exceptions but ensuring all others are included.

⁴ Examples such as Belgium and Spain come to mind. Any accounting-based assessment of the costs of administering a basic income must include some proportion of the costs of the identity card scheme. We are grateful to José Noguera for bringing this point to our attention.

from firms' payroll systems, are typical examples.⁵ Achieving a substantively universal basic income grant therefore presents considerable administrative challenges. On the one hand, monitoring the effective disbursement of a grant scheme that encompasses the whole population requires considerable administrative capacity and effort.⁶ On the other hand, because basic income does not require repeated monitoring of eligibility conditions –indeed, dispensing with such monitoring is an explicit goal– it cannot avail of an important instrument to cross-check whether payments are effectively received by beneficiaries.

The upshot of this section is that providing a universal basic income that robustly includes vulnerable and hard-to-reach social groups such as the homeless, the disabled, immigrants and many others requires positive administrative effort, not just the removal of barriers to eligibility. It would be a mistake, however, to think that all of this is just a matter of finding the correct technological solution. In reality these issues reflect *hard political choices*. One set of choices relates directly to the issue of cost: rather than treating administrative background conditions as a given, a substantive universal basic income requires considerable investment on building administrative capability.⁷ Another set of hard choices surround the inevitable trade-offs in cases where different feasible administrative solutions favour one social group over another: for instance, should we discount administrative costs to better-off basic income recipients in order to ensure vulnerable groups are effectively included? Finally, how should we evaluate different types of costs associated with a particular implementation system where these might in fact diverge? This last concern is discussed in more detail in the next section.

⁵ However, the effectiveness of multi-channel payment systems may be undermined by so-called *common mode* failure: electronic payment of funds and postal cheques both require that the intended beneficiary have access to a bank account, and so both have the same disadvantage. See De Wispelaere and Stirton (2007) for a more detailed analysis of this sort of complications.

⁶ Paradoxically, universal schemes may thus require *more* administrative effort than selective ones. Consequently, Philippe Van Parijs (2004: 15) may be seriously mistaken when arguing that “[i]n an era of technological transfers and with a reasonably well-run tax administration (...) the bulk of administrative cost associated with an effective guaranteed minimum income scheme is the cost of information and control: the expenditure needed to inform all potential beneficiaries about what their entitlements are and to check whether those applying meet the eligibility conditions. In this respects, a universal system is bound to perform better than a means-tested one.” This ignores the costs of cadasterability and conduitability entailed by basic income policies.

⁷ This sort of concern would put advocates such as Van Parijs(1995; 2004) diametrically opposed to those such as Murray (2006) who advocate basic income largely as a means to dismantling the welfare apparatus.

3. Two Types of Administrative Savings

When basic income advocates claim that an unconditional basic income saves on administration they presuppose that different policy proposals can be ordered in terms of their administrative efficiency in a fairly straightforward manner. Accordingly, basic income scores well on this ordering because, all-things-considered, its implementation requires less administrative involvement than rival welfare schemes. However, Christopher Hood (1983a) points out that the apparently simple canon of 'using bureaucracy sparingly' can give rise to potentially conflicting interpretations. Adapting Hood's approach to the specific context of basic income, we can distinguish two important ways in which basic income might use bureaucracy more sparingly than its rivals: using bureaucracy sparingly could be taken to mean administering a welfare scheme using *minimal (governmental) resources*, while a second sense of using bureaucracy sparingly would require that a basic income scheme imposes *minimal (personal) intrusion*. Each of these is analytically distinct and, where they diverge and cannot be satisfied simultaneously may indeed become political competitors.

On the first interpretation, the best income maintenance policy is that which requires the least bureaucratic infrastructure to administer, for any acceptable level of performance. This formulation requires an initial decision on an acceptable level of performance, and then opting for the implementation scheme that uses least administrative resources. In its starkest form this may seem rather implausible; a "leximin" approach, by contrast, plausibly allows us to trade off small losses in performance for significant gains in administrative savings. This sense of using bureaucracy sparingly does not hold a view on the appropriate size or modality of a basic income grant as such: that is the task of the justificatory political theory underlying the argument for an unconditional basic income (e.g., Van Parijs, 1995). The primary concern, rather, is with the "transaction costs" *faced by governments* of defining, monitoring and disbursing a grant.⁸

Using bureaucracy sparingly in this sense suggests a preference for a (nominally) unconditional scheme because it significantly economizes on the bureaucratic effort required to draft rules with adequate precision and dispenses with the various tests identified by Offe (2005). Minimising the governmental resources devoted to the administration of a programme ensures that the greatest possible proportion of the programme costs end up with the recipients as opposed to being absorbed by the bureaucratic machinery charged with implementing it. Using bureaucracy sparingly in the minimal resources sense is thus said to promote the *program efficiency* of a policy. At the same time, however, applying this interpretation (in its leximin version) limits the justifiable level of administrative effort spent on identifying or making payments to hard-to-reach beneficiaries, if the additional cost of doing so were excessive. To the

⁸ These transaction costs are here interpreted as social opportunity costs, that is social resources that could have been (more usefully) spent elsewhere. But see Offe (2005) for a different conception of transaction costs related to basic income.

extent that policy-makers often pragmatically accept some trade-off between fulfilling policy objectives and the administrative and political costs of doing so, program efficiency might conflict with *target efficiency* –the extent of coverage a particular program achieves. Of course what we deem justifiable depends crucially on one's normative perspective, and particularly on the comparable weight one gives to minimising bureaucratic resources over the achievement of other policy goals, but this reality characterizes the hard choices decision-makers face when adopting the minimal resources approach to using bureaucracy sparingly.

The second sense of using bureaucracy sparingly takes a more individualized perspective: it requires that a basic income scheme imposes minimal (personal) intrusion. Hood invokes Adam Smith's (1910, 307) principle of public finance, that taxes ought to be collected so as to impose the least “trouble, vexation and oppression” on the populace. Taking a broad interpretation of this second sense includes the *inconvenience* of accessing a grant. This formulation therefore not only captures the extent to which administration often directly intrudes in claimants' lives – through requirements to detail increasingly private aspects of their personal lives or the excessive use of behavioural monitoring– but also more indirect vexations such as the complexity of the system, which affects the difficulty in obtaining relevant information or the effort at negotiating various stages of the application process.⁹

In part this interpretation follows from what Goodin (1992) has termed the minimally presumptuous approach of basic income: one which avoids having to actively intrude or pry in claimant's lives. According to Goodin such an approach improves the target efficiency of basic income schemes, but minimal intrusion is also deemed valuable in its own right by virtue of promoting a sense of self-respect and autonomy. Like the minimal resources interpretation, this sense of using bureaucracy sparingly easily leads to a condemnation of highly selective schemes that commonly necessitate a high level of intrusion and are associated with a significant loss of privacy, which is universally considered demeaning and debasing (Wolff, 1998; Anderson, 1999).

For basic income advocates both senses of using bureaucracy sparingly potentially offer persuasive reasons for why welfare schemes ought to economize on administration, where feasible, and thus constitute an important criterion by which to evaluate the comparative merits of alternative basic income designs. However, as a guide to the design of a welfare scheme, the two senses of using bureaucracy sparingly may end up pointing in different directions, most obviously in cases in which removing barriers to access and take-up of a scheme can be accomplished only at cost of considerable administrative effort or other resources. While the minimal resources approach to basic income would be satisfied with the removal of costly formal barriers and conditions of welfare, the minimal intrusion approach, by contrast, would tolerate a

⁹ Offe (2005: 71) refers to these as external process disutilities, by which he means “stigmatization, invasion of privacy, the time wasted while waiting in lines, and the sense of powerlessness experienced by the claimant”.

large amount of bureaucratic effort to accomplish a truly universal scheme, provided greater substantive universalism could be accomplished by relatively unobtrusive measures.

What is problematic in much of basic income advocates' reasoning on administrative savings is that they implicitly assume that the two senses of using bureaucracy sparingly will coincide. But there are good reasons to think this may not be the case. Consider again the cadasterability and conduitability challenges outlined in the previous section: both in terms of maintaining a robust cadaster and in terms of designing a payment system that reaches everyone entitled to a basic income, the price of full inclusion may be the considerable expense of administrative backup systems designed to cross-check at various points that every beneficiary receives a basic income; conversely, we might decide this price is too high and allow that some people at the margin may fall through the cracks (De Wispelaere and Stirton, 2009). Design issues like these invite conflicting responses from contending normative and ideological perspectives (Van Parijs 1995, 2004; Murray, 2006).

4. Paradigmatic and Cognate Proposals

In the present section we suggest that basic income advocates face a political dilemma because arguments about the administrative savings of basic income have only limited applicability within the broader family of basic income proposals. Let us start with an important distinction between types of basic income proposals. Philippe Van Parijs has proposed what may be regarded as the *paradigmatic conception* of basic income: “an income unconditionally paid to all on an individual basis, without means test or work requirement” (Van Parijs, 1992: 3). A When looked at as a practical policy proposal, the paradigmatic conception is incomplete in at least two respects. First, it abstracts from a number of dimensions –such as uniformity, adequacy, frequency, or modality of payment– that must be developed in some detail to fully understand the design of particular proposals as well as their impact on recipients (De Wispelaere and Stirton, 2004). Second, basic income advocates have also began to conceive of schemes that compromise on one or more of the core features of the paradigmatic scheme, such as its universality, individuality or even unconditionality. These *cognate proposals* only imperfectly mimic the design (and outcomes) of Van Parijs' paradigmatic proposal.

There are good strategic reasons to favour adopting an expanded conception, since this may provide crucial political wriggle room at the negotiation table. It is now accepted wisdom that, in most mature welfare states, there is little political appetite for the paradigmatic variant of basic income and that a stable political coalition around a radical basic income is unlikely to form. Nevertheless there may be a large number of political agents (e.g., trade-unions) who do regard some of the features of basic income appealing and who may be persuaded to support one or

other variation. Additionally, there are reasons of implementation to consider. Maintaining some flexibility in design parameters has the advantage that the policy may better fit a variety of implementation structures and policy contexts; ease-of-fit is a desirable property of a policy because it does not require major restructuring of the background institutions, introducing a host of ancillary policy measures.

But accepting that any politically realistic and readily implementable proposal will likely take the form of a compromise leads to a political dilemma for basic income advocates. The problem is that the sort of claims about administrative efficiency put forward by basic advocates really only apply to the paradigmatic form. This dilemma effectively means proponents can claim important administrative savings for basic income, *provided they restrict those arguments to the most radical paradigmatic form*, while simultaneously having to face up to the reality that this radical version of basic income may face insurmountable political obstacles.

Let us briefly illustrate the problem through the example of Tony Atkinson's participation income. Atkinson (1996, 68) offers participation income as a politically feasible variant on basic income by introducing one key modification: “the basic income would be paid conditional on *participation*.”¹⁰ Despite the apparent simplicity of Atkinson's participation condition, which is also attractive in a policy context obsessed about free-riding, reciprocity and economic incentives more generally, an administrable standard to express these conditions is essentially elusive (De Wispelaere and Stirton, 2007). Leaving aside Atkinson's neat list of participation activities to be considered, in practice such a list can be as narrow or as broad as one wants it to be, and finding a clear and robust way to define participation in terms that administrators can handle is much more problematic than one might think. Considerable administrative resources may be required to ensure that a definition of social participation is expressed in operational standards that administrators and recipients alike can accept. Furthermore, if participation is taken seriously – as it obviously *must*, if it is genuinely to serve as a politically acceptable form of basic income– participation income entails a robust monitoring and enforcement system. And to the extent that social participation eludes strict interpretation, it also defies easy administration: by expanding both the range number of activities that qualify one to a participation income (without ever being genuinely universal) as well as the number of qualified recipients (again, without including everyone), participation income increases the monitoring and enforcement burdens of welfare bureaucracy manifold (De Wispelaere and Stirton, 2007).

As the previous paragraph suggests, participation income may have a number of advantages but administrative simplification or savings is not one of them. Brian Barry (2001: 65-66)

¹⁰ Atkinson (1996, 68–69) elaborates: “I should stress at once that this is not limited to labour market participation. While the qualifying conditions would include people working as an employee or self-employed, absent from work on grounds of sickness or injury, unable to work on grounds of disability and unemployed but available for work, it would also include people engaging in approved forms of education or training, caring for young, elderly or disabled dependents or undertaking approved forms of voluntary work, etc. The condition involves neither *payment* nor *work*; it is a wider definition of social contribution.”

acknowledges as much: “[participation income] opens up a nightmarish scenario of an enormous bureaucracy entrusted with arbitrary monitoring powers. My guess is that something like a ‘participation income’ might be necessary politically to get a basic income introduced, but that the expense and intrusiveness of administering it (as well as its lending itself so easily to fraud) would lead either to abandoning the whole experiment or moving to an unconditional basic income.”¹¹ The real fallacy is to assume, however, that while basic income proper outperforms participation income (or any other cognate scheme) in its administerability, the latter nevertheless still offers *some* important advantages, in particular in terms of the minimal intrusion sense of using bureaucracy. But once we move even a small step away from a fully unconditional program, bureaucratic involvement (and thus administrative costs) multiplies exponentially. Moreover, it is not merely the number amount of conditions per se, but most importantly the extent to which they can be easily operationalised, that determines the administrative cost of a program. The latter point applies to *both* senses of using bureaucracy sparingly, and basic income proponents should be careful about underestimating the extent of personal intrusion associated with a robust implementation of cognate policies.

The political dilemma mentioned earlier seems inescapable. On the one hand, only a narrow subset of the schemes which now increasingly fall under the rubric of basic income truly dispense with the qualifying tests and other requirements that are the source of unconditional basic income's alleged administrative efficiency, and precisely this narrow subset has in the main proven politically intractable. On the other hand, to ignore a crucial aspect of implementing the policy you believe will be most politically feasible –to the extent that it may prove to be prohibitively costly to implement– is hardly to make a genuine robust case for that policy.

5. Sharing Administrative Systems

While the previous section focused on the limited extent to which various compromise proposals were capable of producing the administrative savings claimed for basic income, in the remaining two sections we suggest that even in its paradigmatic form, there are limits on the *extent* of administrative savings that a basic income might generate. These supposed savings depend in large part on an institutional fit with other policies: the implementation of basic income typically piggy-backs on existing administrative capacities, and many of the associated costs are common to the administration of quite separate policies. Two separate concerns arise from this.

First, when basic income piggy-backs on existing administrative capacities there is non-trivial sense in which it receives a free-ride that is typically not counted amongst its cost. Consider the

¹¹ Van Parijs (2001b: 125) agrees on the administrative nightmare scenario, but then insists that “in the meanwhile the participation income will have politically bootstrapped a universal basic income into position” (Van Parijs, 2004: 26). De Wispelaere and Stirton (2007) cast doubt on this transitional argument.

way even an unconditional basic income must apply a citizenship or residence test by virtue of being tied to a particular geographical region –typically a state, occasionally a region (Vanderborght and Van Parijs, 2001; Howard, 2006). While nationality tests make use of the various mechanisms that determine and regulate citizenship in modern states, in terms of residency requirements, “the operational criteria may be, for non-citizens, a minimum length of past residency, or it may simply be provided by the conditions which currently define residence for tax purposes, or some combination of both” (Van Parijs 2006, p. 7). In both cases basic income is designed to piggy-back on administrative systems that are already in place in mature welfare states.

Basic income advocates seem to assume the nationality or residency test imposes no additional administrative burden, because such tests are routinely carried out in most countries for other policy reasons.¹² But such tests may have to be re-engineered if we accept the challenge of substantive universalism that every eligible recipient –say, all citizens or even all residents– should ideally receive a grant. There are few (if any) administrative systems that effectively cover every single person in the state and therefore a universal basic income requires either significant modification of extant mechanisms or else the institution of a totally novel layer of administration to ensure full coverage. Assuming that key administrative capacities are in place and can be used without further cost could discount the full costs of implementation.¹³

Conversely, to the extent that the introduction of a basic income dispenses with particular administrative activities –the assessment of income, for example– one might argue this constitutes a saving of sort. However, if such activities are required for other purposes, such as for the assessment of income taxes, such activities cannot be dispensed with by the introduction of a non-means-tested basic income alone. Put differently, the fact that basic income requires no means-testing does neither entail that means-assessment itself is avoided, nor that existing means-testing will involve significantly less administrative costs (on either interpretation of administrative saving).

To be sure, welfare administration often needlessly duplicates the gathering of such information, but the solution is surely to advocate administrative simplification of existing policies and more joined-up government. Similarly, much of the current practice of gathering relevant information remains essentially demeaning or intrusive, and this again demands reform. In neither case would the introduction of a basic income *per se* generate substantial administrative

¹² Piggy-backing on existing systems or practices assumes the continued 'complimentarity of purpose' for which those checks are performed. The public administration literature cautions against the phenomenon of piling on incompatible policy goals onto administrative activities (Bardach, 1978).

¹³ Basic income advocates could counter by saying that they only focus on the *extra* costs of implementing a basic income compared with a more selective policy (Van Parijs, 2004). To the extent that such comparisons are meaningful –straightforward comparisons are complicated by the fact that basic income schemes may require quite different and even more extensive administrative mechanisms than existing selective programs– they nevertheless may significantly decrease the differential between competing programs when the largest cost is a share in the implementation system that remains in place.

savings. More generally, claims about the administrative savings yielded by basic income can be made only in the context of a broader policy and institutional analysis, and outcomes could differ extensively across countries in this regard (cf. Haagh, this issue).

6. Replacing or Supplementing Income Maintenance

As well as depending on institutional ‘fit’, with other policies, the administrative savings from the introduction of a basic income are also contingent on features of the design of the basic income grant itself, notably whether it is intended to replace rather than supplement ‘traditional’ forms of income and social support.

Naturally, this question has attracted vehement normative, political and even ideological debate.¹⁴ We approach the problem from the standpoint of administrative analysis. Our starting point is Brian Barry’s (2001: 63) observation that “[m]any of the advantages that Van Parijs claims for a basic income scheme would be realized only if it were pitched at subsistence level or higher.” In the case of a *partial* basic income, presumably, “the entire apparatus of welfare benefits would still have to remain in place, though benefits would, of course, be reduced by the amount of the basic income” (Barry, 2001: 65). Van Parijs (2001: 8-9) concurs: “Indeed, if a government implemented an unconditional income that was too small to cover basic needs – which, as I previously noted, would almost certainly be the case at first – UBI advocates would not want to eliminate the existing conditional minimum-income schemes, but only to readjust their levels.”

Conversely, many of the administrative advantages of basic income only plausibly materialise on the assumption that a universal basic income would potentially replace the myriad of selective benefits and their associated bureaucratic machinery, which in turn presupposes that the level of the grant was sufficiently generous, as acknowledged by Offe (2005: 72). When the most plausible variant is a partial basic income, pitched at a level that is below subsistence, this functional relationship between administrative savings and the level of a grant needs careful analysis. Those who suppose an automatic and substantial link between universalism and administrative efficiency may be disappointed since a basic income policy designed to operate alongside important selective programs ultimately requires much of the administrative machinery that basic income advocates would like to see abolished.

Here again an important political dilemma manifests itself: the basic income that is maximally administerable may be one that is neither normatively desirable –as it may require

¹⁴ Van Parijs (2004: 18) takes a relaxed view on this matter: “it is *not* part of the definition of a basic income that it should be sufficient to satisfy the beneficiaries’ basic needs: consistently with its definition, the level of the basic income could be more and it could be less. Nor is it part of the definition of a basic income that it should replace all other cash benefits: a universal benefit need not be a single benefit.” See also Van Parijs (1995).

getting rid of support programs that a basic income only imperfectly compensates for – nor indeed politically feasible – either because the required level of the grant would be prohibitively large or else the scrapping of some programs politically unpalatable. This political dilemma is similar to the Impossibility Theorem advanced by Loek Groot and Robert van der Veen (2000a: 36), where any partial basic income that is politically and economically feasible risks being socially unacceptable because “the beneficial effects of a *partial* basic income would not be significant enough to make the reform worth the trouble.” Similarly, the basic income scheme that would produce greatest administrative savings may not be most advocates’ preferred scheme, while the version they would find most acceptable (a partial basic income combined with generous additional support programs) may fail to produce any genuine administrative savings.

Of course, basic income proponents such as Van Parijs could counter that even if we were to replace some existing programmes, leaving some key selective programs in place, this would still generate substantial administrative savings. First, an unconditional basic income could aim to replace some of the most administratively burdensome programmes. However, this argument depends very much on appreciating the administrative difficulties discussed in previous sections – and the general claim must therefore be squared with our analysis in these sections, if it is to have any merit. Second, the programs that remain in place would affect a much smaller target population, which again would reduce certain administrative costs. For instance, with a basic income “far less people would need to claim social benefits, because a part-time job would be sufficient to lift them above the social minimum. This would mean cutting down on expenditure, and on administrative cost” (Groot and Van der Veen (2000b: 203). Such arguments address the variable costs of administering such programmes; any fixed costs remain unaffected, and in some cases these may be the larger part of a scheme's administrative costs. Furthermore, the abolition of particular programmes may have the effect of pushing claimants into other schemes. This may in turn have an impact on the effectiveness and cost of those programs which would now face an increased administrative burden. In such cases, careful administrative analysis would be required to establish whether the administration of a targeted support program would be better integrated with more general selective programs than with a basic income.

7. Hard Choices: The Politics of Administrative Efficiency

In one of the earliest articles arguing the case for basic income, Philippe Van Parijs refers to basic income as a “disarmingly simple idea” (Van Parijs, 1992a: 3): give every citizen a monthly grant without means test of work condition. But what at first sight might look like a simple idea in reality shares many of the administrative complexities that bedevil income support programs throughout

the modern welfare state at the level of policy implementation.¹⁵ In this section, we want to pull together the arguments presented above and demonstrate the reasons why we think basic income scholars should take administration seriously. In brief, we argue that the careful examination of the administrative efficiency thesis demonstrates that the administration of a basic income is itself an irreducibly political problem, one which presents a number of hard political choices (De Wispelaere and Stirton, 2009).

Let us start by anticipating an obvious response to our view. Basic income advocates may accept everything we say yet still maintain that our arguments are besides the point when compared to selective income maintenance policies. Such a comparative perspective makes no bold claims regarding the administrative efficiency of basic income in the abstract, but merely states that it will always outperform the selective programs that predominate in modern welfare states. This argument is plausible, generally speaking: it makes good sense to think that, whatever administrative difficulties might bedevil the implementation of a basic income, things would be even more complicated for selective welfare policies. So why then should basic income advocates and scholars care about administration?

There are three types of responses to this question. To begin with the most straightforward response: good administrative design of a basic income policy is a necessary condition to achieve the administrative efficiency its proponents claim in its favour. Put differently, basic income is only *comparatively* efficient to the extent that we ensure its design effectively meets the administrative requirements for its efficient implementation. All that this argument requires is an awareness that basic income is not administration-free, and that *some* form of administration is inevitable in the implementation of *any* income support scheme, basic income included. In Section 2 we discussed the key distinction between nominal and substantive universalism, arguing that it is clearly the latter that matters in terms of achieving the sort of goals that motivates basic income advocates; but this in turn also implies appreciating the administrative challenges that inevitably accompanies a move from selective to universal income support. So the first response to the question whether basic income advocates should care about administration is really to say that, since implementation does not occur ‘automatically’ but indeed is a function of a set of administrative design choices, some level of attention to administration is warranted. Failure to make the right administrative choices has a significant impact on the achievement of the goals of a basic income policy.

A second response engages directly with the comparative perspective. Recall that the administrative efficiency thesis, when regarded from a comparative perspective, does not require basic income to be *maximally* administratively efficient but merely that it is demonstrably *more*

¹⁵ De Wispelaere and Stirton (2004) suggests that the devil really is in the detail of specific basic income proposals, and makes a case for “fuzzy” policy design in this regard. On fuzzy policy design, see also Peters (2003).

efficient than competing programs.¹⁶ But how much of a gain can we expect from basic income compared to the most administratively efficient selective programs? It would be rather odd to make a big deal out of the administrative efficiency of basic income if in fact it proved to be only marginally more efficient than the leading competitors. What proponents in fact want to claim is that basic income is *significantly* more efficient than any selective income support program we might want to institute. The discussion above shows the difficulty of making clear general statements in this regard. In fact, as we have demonstrated in previous sections, a number of the claims of the proponents of the administrative efficiency thesis need to be qualified in important respects.

First, it may be that maximising target efficiency of basic income schemes in fact requires additional administrative mechanisms that selective programs may not require. Similarly, since the notion of administrative efficiency may refer to quite different (and possibly conflicting) goals, a situation of incomparability may arise where one program economizes on administration in one sense and another in another sense, without an obvious way to reach an overall judgement on administrative efficiency. Second, some of the claimed advantages of basic income over selective programs only hold for the paradigmatic basic income variant, and basic income advocates must be careful not to overgeneralise: just because a certain proposal –such as participation income, for instance– shares more features with a basic income than a selective program does not imply it shares the former's administrative advantages (De Wispelaere and Stirton 2007).

Finally, even where we restrict ourselves to the paradigmatic basic income there are two cases where the administrative advantages of universal over selective programs may be considerably less than is commonly assumed: where administrative mechanisms are shared across different policies, or where a basic income scheme requires supplementing with other selective programs. In both cases, the savings supposedly produced by replacing a selective program with a basic income do not fully materialise. All of these complications, outlined above in detail, not only demonstrate the futility of talking about administrative efficiency in general terms, but make it difficult to reach a robust comparative assessment even where we intuitively agree that basic income is likely to outperform selective programs.¹⁷

¹⁶ There may, however, be other reasons why a basic income really *should* be as efficient as possible, either because this way the goals of basic income are truly maximized (compare the case of hard-to-reach recipients, such as the homeless, who are also amongst the most vulnerable citizens in modern society) or because of the important value of administrative efficiency as such (as argued by some conservative advocates).

¹⁷ Again, the importance of such a failure is that the use of administrative efficiency as an argument to prefer a basic income over a selective program does require such robust comparative assessments. This is particularly the case in which there is considerable popular and political distrust about the outcomes of a basic income program in terms of savings behaviour, work incentive, effect on poverty and social exclusion etc. If administrative efficiency is to count as a genuine argument in a hostile political context, a clear indication of what sort and size of administrative savings to expect seems crucial. Compare Anton Hemerijck (2000: 150), who believes “[b]asic income helps to reduce the costs of social policy administration and implementation” but then immediately suggests anticipated savings would never compensate for the “massive transformation costs of regime-change” associated with a basic income.

However, the most important response to the question of why administration ought to be taken seriously by basic income advocates focuses not on implementation or comparative efficiency. The list of complexities and limitations outlined in Sections 2 to 6 imply hard choices and associated political dilemmas that policy makers face; yet these are obscured as long as discussion of institutional and administrative detail is avoided. Our analysis shows that the implementation of a basic income reveals important tensions among the arguments put forward in favour of basic income. Some of those tensions arise in the interpretation of the role of administration and administrative efficiency, while others are more closely tied in with different variants of basic income or various ways in which basic income is embedded in the broader policy context. These are real concerns, if basic income is to make it off the drawing board, and the hard choices they throw up are equally real. To recap just one example, the choice between a paradigmatic or cognate variant of basic income may depend upon a host of ethical, economical, or political constraints. But whatever variant we adopt, it would be a mistake to think that they perform equally well in terms of administrative efficiency (De Wispelaere and Stirton, 2007).

One implication is that *generalised* claims about the comparative administrative efficiency of basic income must be treated with caution. But a more important qualification is that we may have to make real choices in terms of what sort of administrative efficiency we want to prioritize when implementing a basic income: an emphasis on different senses of using bureaucracy sparingly may produce significantly different basic income schemes, and produce different outcomes at both the individual and societal level.

Perhaps even more important still is the need to make hard choices about *how much we really care about administrative efficiency compared to other goals*. Paradoxically enough, in some circumstances basic income advocates who generally support the administrative efficiency thesis may come to think that, in practice, administrative efficiency may have to give way to other goals, such as achieving greater substantive universalism. Yet this response also has its limits. Suppose a welfare reform coalition unites around a variant of basic income which in fact turns out exceedingly difficult or costly to administer. On the one hand the policy may effectively end up performing poorly in terms of achieving normatively desirable outcomes. Imagine a basic income that is nominally universal but due to a lack of administrative capacity, or the poor administerability of the scheme, fails to ensure that certain specific vulnerable groups such as the homeless are effectively included. The failure to institute such a substantively truly universal basic income may violate a core prescription of the theory of social justice normatively underpinning its justification –say, a strong duty to protect the worst-off (Van Parijs, 1995). On the other hand, the high administrative costs may in the longer run also erode political support (De Wispelaere and Stirton, 2007). In either case administrative efficiency itself directly affects, and conceivably operates as a constraint upon, political feasibility.

The relationship between administrative efficiency and political feasibility is complex and multifaceted. Administrative efficiency is not necessarily pitched against political feasibility, as one might wrongly infer from this article. Instead, considerations of administerability mediate hard political choices associated with different income support programs in complicated ways; and thus administrative efficiency itself is clearly political. In our view, the main reason for taking administration seriously is that it allows us to discern both the complex trade-offs that arise at the level of implementation as well as the fact that these are truly “hard” tensions requiring genuine political decision.¹⁸

¹⁸ While we appreciate the many ways in which technology assists implementation, administrative tensions cannot always be patched up by a technological fix. In fact, even the choice of technocratic fix often amounts to a genuine political choice.

CONCLUSION

In this article we carefully examine the administrative efficiency thesis implicit in much contemporary thinking about basic income policy. We discuss in some detail a number of concerns that caution against uncritically adopting the notion that a universal and unconditional basic income is *necessarily* more efficient than its leading competitors. While we are sympathetic to the idea that basic income policies can economize on administration in important respects, we are concerned with the lack of robust administrative analysis in the current literature. We believe this blinds basic income proponents to both the many implementation challenges their preferred policy faces, but equally to the numerous ways in which they are passing up genuine opportunities to carefully consider how some particular designs of basic income could be made more administratively efficient through careful attention to policy design. The relevant design options represent hard choices, and require political decision-making rather than mere technological innovation, as is often wrongly assumed by basic income advocates. Failure to appreciate the inherent “politics of administration efficiency” again may come to constrain the political efficiency of implementing a basic income scheme. There is, in other words, a genuine opportunity cost to not taking administration seriously – a lesson basic income advocates ought to take to heart.

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