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Towards a Minimally Presumptuous Social Welfare Policy

Robert E. Goodin

There are many ways of arguing for basic income schemes, paying the same sum to everyone in society absolutely unconditionally.¹ Paying everyone the same sum might be said to be more egalitarian, in some important sense, than paying different sums to different people according to their particular personal circumstances.² Giving people income rather than end-use goods amounts to paying them in cash rather than in kind, and might in consequence seem less of an interference with their liberty to do as they wish with the benefits.³ Making the grant unconditional prevents further interference with the liberty of recipients - and, not incidentally, prevents the infringements of privacy often involved in administering benefits of a more conditional kind.⁴

All those arguments are true and important. Here I merely want to add yet another. Schemes that pay everyone an unconditional basic income are also *less presumptuous* than more conditional programmes of income support. They are less presumptuous not merely in the sense just canvassed - less prying and intrusive, and in consequence less demeaning and debasing. They are also less presumptuous in the sense that they make fewer presumptions: they assume less about the people whom they are aiding. And that makes basic income schemes *more efficient* in one important sense than more conditional schemes of income support.

To be sure, it is curious to be evoking arguments of efficiency in support of a generous scheme of unconditional social benefits. According to the conventional wisdom, considerations of efficiency necessarily weigh against such schemes, which are supposed always and

necessarily to pose a 'big trade-off' between efficiency and equality.⁵ But that is not necessarily true, even in the terms of 'allocative' or 'x-efficiency' in which those discussions are usually cast,⁶ and it is dramatically not true, I shall argue here, in the narrower terms of 'target efficiency' which are the more appropriate standards to use in judging programme design.

All discussions of social programmes in terms of allocative efficiency and x-efficiency basically concern how much we invest in those goals relative to others. Objections couched in those terms amount to saying that we spend too much on social welfare goals – that in pursuing them we pay too high a price in terms of other goals.' In discussions of target efficiency, the relative importance of other goals is set to one side. Target efficiency is concerned strictly with how well a programme achieves its own goals – how many 'hits' it scores on its own, self-defined 'targets'.

According to the conventional wisdom on that score, too, generosity in the realm of social benefits carries considerable efficiency costs. Specifically, benefits paid unconditionally to everyone, willy-nilly, would naturally be expected to deliver less help to those who really need it than would the same sum spent through more tightly targeted payments conditioned on tests of people's needs and the assets they have to meet them. Now, of course, there are many things to be said against means-testing social benefits. It is stigmatizing and – partly for this reason – it reduces take-up of social benefits, often among those who most need them. Means tests are intrusive, embarrassing and subject to manipulation by social workers for purposes never officially intended or publicly defended.⁸

All that, once again, is true and important. But in addition, I want to add that means tests are also an inefficient way of targeting social benefits on those most in need. One reason is akin to the problem of educators 'teaching to the test'. After a little while, the non-needy middle-classes will – seemingly inevitably – find some way or another to masquerade in such a way as to pass even the harshest tests of needs and means, and thus qualify for benefits, too. Julian Le Grand and I have discussed and documented that phenomenon elsewhere. I shall say no more about it *here*.⁹

I want to focus instead upon another reason for believing that any such attempt at targeting social benefits will necessarily be an inefficient way of hitting the target of those programmes. What ostensibly pass as tests of needs, means or assets never actually end up testing those things *directly*. In practice, they are always forced to work through surrogate indicators. *So*, for example, family size is taken as an indicator of how much food and clothing a household needs. Income is taken as an

indicator of how many calories will appear on the dinner table. Non-waged people's marital (or, now, household) status is taken as an indicator of their spending power.

Those may or may not be good surrogates. They might capture more or less adequately what they are actually trying to measure. My argument starts from the simple observation that all indicators of needs, assets or means – and, still more, all the social categories built into more explicitly 'categorical' programmes of social security – serve merely as surrogates for what it really is that morally matters about people, for purposes of our social policy. Once we have that thought firmly fixed in our minds, we will naturally start to ask embarrassing questions about the truth of the particular presumptions built into particular social policies." Targeting social benefits upon certain categories of people might improve the target efficiency of the programmes – if we are aiming at the right targets. But since programmes are only working with surrogates for what really matters, we are in effect aiming through mirrors. It therefore follows that those mirrors might well mislead us, causing us to miss many of our real targets – and, most worryingly, to refuse benefits to many of the neediest cases – altogether.

The natural starting point for such inquiries is a long and hard look at the particular macro- and mesosociological assumptions embodied in current social policies. It turns out, on closer examination, that many of them are not now – and maybe never were – valid. Thus, for example, maybe once it was safe for policy-makers to assume income-sharing on an equitable basis within families. They can no longer do *so*. Maybe once they could safely assume that most families would have at least one breadwinner permanently employed at least most of the time. Again, they can no longer do *so*. And *so* on, down the list of central assumptions underlying current social security programmes."

If the sociological facts of the matter have changed as such arguments suggest, then that would constitute a very strong case against social policies targeting benefits on the basis of those false assumptions. How strong that might be as an argument against current policies – still less in favour of a basic income approach instead – I do not hazard to say. That is simply not the strategy I shall employ here in arguing for basic income. I propose instead to develop another, parallel line of argument for basic income in terms of target efficiency. This will be an argument that is not contingent – or anyway, that is much less contingent – upon the truth of any particular set of sociological propositions. Such an argument, if valid, would obviously constitute even stronger support for the basic income approach.

Instead of arguing that the basic income strategy is somehow more accurate in its underlying assumptions about social reality than other

approaches are, I shall be arguing that it is simply more noncommittal. It simply makes fewer assumptions. And by *so* doing, it manages to be less prone to sociological error and less vulnerable to social change than alternative modes of social security provision. That, in itself, counts very much in its favour in a world in which sociological facts are uncertain, highly variable and, in any case, constantly changing.

1. The Particular Presumptions of Current Policies

Let us start, then, by reflecting upon the various substantive presumptions built into current social security policies. For the more normative purposes of the present exercise, I shall eschew the grand sweep of empirical sociology. I shall focus more tightly upon particular programmes, their administrative arrangements and their benefit structures in search of the substantive sociological presumptions that are embedded in them.

First, notice that across the world – in both Bismarck and Beveridge countries alike¹² – administrative arrangements for vesting social security pensions presuppose something very much like ‘full employment’. The old age pension is, in virtually all those countries, a contributory scheme, and the predominant mode of vesting one’s old age pension entitlement is through employment-based contributions (typically, matching contributions from both employer and employee) to the social security fund on the employee’s behalf.¹³ True, those contributions typically serve to vest pension rights not only for employees but also for their dependants (typically, spouses and dependent children of tender years), *so* it is not quite true to say that this arrangement for vesting pension rights presupposes full employment, in the sense of literally everyone of working age being in paid employment. But it does presuppose, in effect, that society is organized into household units such that all heads of households are in paid employment. It presupposes, that is to say, that everyone is either in work *or* in a stable, long-term liaison with someone who is.

Now, in a way this presumption constitutes little more than an administrative convenience. Like ‘pay as you earn’ arrangements for withholding taxes from wages (and for withholding taxes at source more generally), withholding social security contributions from wages is undeniably convenient. The state is more certain of getting its money that way; and individuals are thereby relieved of the burden of having to find large sums of money all at once, quarterly *or* at the end of every year. But if that is all there is to the matter – if employment-based contributions to a pension fund are no more than an administrative convenience – then such contributions are not in any way a necessary part of such

pensions. There is no reason to believe that they constitute the only logically possible way of vesting one’s old age pension entitlements.

Given the administrative convenience of such an arrangement, that is of course how pension entitlements will accrue for those actually in employment. But for those who are not, or whose employment is somehow radically non-standard, other sorts of arrangements could in principle perfectly well be made. The self-employed could contribute – or even be required to contribute – to the pension fund to vest their own pension rights. For those who are persistently unemployed *or* literally unemployable, the contribution requirement could be waived altogether; they could be allowed to draw a pension without having made any contributions. Or, if we insisted upon retaining the fiction that contributions are needed to vest one’s pension rights, the state agency responsible for the relief of the unemployed and unemployable might be required to make periodic payments into the pension fund on each client’s behalf.

Such possibilities are not always taken up, of course. In the United States, social security pensions are simply unavailable to those without the requisite employment-based contribution history. The permanently unemployed and unattached may well be able *to* claim other means-tested social benefits, but they cannot claim old age (social security) pensions. And even where those who have made no contributions are none the less allowed to draw the old age pension, such arrangements are inevitably awkward for all concerned. In *so* far as social insurance schemes are run principally on the basis of workplace contributions, it seems that the unemployed will always be second-class participants in such schemes.

A second central presupposition of current social security policy is that people, for the most part, live in stable family units where income is shared equitably, if not necessarily *equally*.¹⁴ Some such presupposition about family life is revealed in the way – mentioned above – in which dependants can claim social security on the strength of workplace contributions made by the head of the household, but it also figures centrally in other aspects of social security policy.

Consider, for example, the way in which means tests characteristically work to assess the family’s need for social assistance. The test is not on the means of each individual member but, rather, on the means of the household as a whole. The presumption, obviously, is that households pool all their available resources, at least in times of crisis, *Or* consider, again, the way in which American authorities used to calculate Aid to Families with Dependent Children (AFDC). For many years, in calculating the amount of aid due to a woman, they would simply assume that any child-support payments which courts have ordered would actually

be paid by the absent father, even though defaulting fathers had typically moved outside the jurisdiction of the court in question. Or consider, yet again, the way in which British authorities operate the means-tested grant to students in higher education. They calculate how much each student's parents should be able to afford to pay, and then award the student a grant representing the difference between that amount and the full grant, on the assumption (which is merely an assumption) that the student's parents will actually contribute whatever they have been putatively assessed.

Again, these presumptions are not strictly necessary to the policies in question. If we doubted that husbands shared income equitably with wives (and the evidence suggests that they do *not*¹⁵), we could assess each on an individual basis rather than all on a family basis for all sorts of purposes – taxes, means-testing of social benefits, and *so* on. If we doubted that child-support payments are necessarily forthcoming, whatever the courts may order, we could pay the single parent the whole AFDC stipend on condition that she transfer child-support claims to the state, which would then in turn press the claim against the delinquent father.¹⁶ If we doubted that parents would voluntarily pay as much towards their child's education as we think they should, we could pay the child the full grant and collect the putative 'parental contribution' through a special tax levied against that child's parents. None of this is impossible, and much of it has already happened to some extent in one place or another. But while no particular presumption is necessary, some presumption or another is again apparently necessary in all such schemes.

Note, finally, a third set of presumptions of a related sort that is built into recent social security reforms instigated by the New Right. Those reforms are couched in terms of catch phrases like 'self-reliance', 'community care' and 'mediating structures'. At root, all involve transferring large portions of the state's welfare functions to families, friends and voluntary community charities." And, more often than not, they involve transferring those responsibilities to female care-givers within those groups.¹⁸ Of course, even the New Right envisages a system of residual, safety-net programmes of social assistance to cater for those who excite little sympathy among family, friends or charitable institutions. But these, being residual programmes, will – like all safety-nets – be deliberately spare and underfunded. The expectation is that most cases – and, by unspoken implication, almost all 'really deserving cases' – will be adequately catered for elsewhere.

Much might be said against such schemes. The questionable morality of imposing upon already overworked and underpaid female care-givers in this way makes such schemes anathema to feminists – and rightly *so*.

But quite apart from all that, there is also the simple empirical question of whether such schemes could possibly hope to work as envisaged, given a society such as ours now is.

Underlying all such schemes for devolving the state's welfare function on to private parties – and for dramatically running down public provision in consequence – is the basic assumption that most people in need actually have someone to whom they can turn. In the sociological literature, though, there is much to suggest that social support networks are considerably less dense than they once were. There is a strong suggestion that this trend will continue, with the increasing shift of females (the traditional care-givers) out of the home and into the labour market. In short, recent New Right social welfare reforms presuppose a sociological reality that is rapidly waning and is unlikely to be re-created."

My problem, though, is not so much with the particular assumptions currently embodied in these or any other particular social security policies. It is not as if those assumptions were somehow inherent in the very fabric of current social security policy: alterations of various sorts could be – and in many places have been – incorporated into such policies without any undue strain to their fundamental fabric. The point is just that where social policy does incorporate any specific assumptions, we must face the fact that they will inevitably need to be altered in the light of changing social knowledge and changing social circumstances. And, as I shall argue in Section 3 below, those alterations will inevitably lag somewhat behind (and possibly a very long way behind) the changes occasioning them. Hence, policies will inevitably fail to fit social reality for some (possibly considerable) time, in *so* far as they are predicated in this way on any particular sociological assumptions.

2. The Role of Presumptions in the Current Policy Style

Let us step back, now, from particular policies and consider the role of presumptions in relation to whole 'styles' of social security policy, more generically considered. The particular presumptions embodied in any specific policy may be peculiar to it alone, and can be altered easily enough merely by changing the policy. But presumptions of one sort or another are endemic in the current style of social security policy *per se*. If – as will turn out in Section 3 below – our objection is to the use of presumptions as such, rather than to any particular presumptions that we find flawed, then, to meet the challenge, a whole different style of policy rather than merely a different particular policy will be required.

There are, of course, many ways of identifying the 'current style of social security policy'. Its central feature can be said, for present purposes, to be the fundamental tendency to distinguish between two

tiers of cases for purposes of social security policy. On the top tier, relatively more generous sums are paid to claimants relatively more automatically. On the bottom tier, more niggardly sums are paid to claimants, subject to more discretion on the part of the administrator responsible for their case. These two tiers can be variously characterized. One characterization distinguishes between programmes of categorical and general assistance; another between contributory and non-contributory programmes; still another between social insurance and social assistance. Those various distinctions are largely overlapping, of course, *so* it might not matter much which characterization we choose. What is important to note, however, is that whatever distinction we employ for separating the favoured top tier of social programmes from the disfavoured bottom tier must necessarily embody presumptions of some sort.

Programmes of categorical assistance pick out for especially favourable treatment certain classes of people: those who are too old to work, or the blind, or the victims of occupational injuries or criminal assaults, or whatever. But questions will then always arise as to why we should privilege those – and only those – categories of people in our social policy.²⁰ If we are going to privilege those who are too old to work, why not those who are too young, or those who are unable to take paid employment because they are burdened with the responsibilities of caring for the old or the young at home?” If we are going to privilege those who are blind, why not those who are deaf and dumb, or those with debilitating physical or mental impairments?²² If we are going to run a Criminal Injuries Compensation scheme, why not similarly compensate out of public coffers victims of mere accidents; and if we are going to help those injured in accidents, why not help similarly victims of diseases as well?²³

Of course, none of those particular choices is rooted in the nature of the programme itself. We may well be led by such logic towards an ever-expanding programme of categorical assistance, embracing more and more cases with broader and broader categories. My point is not that this is impossible – my point is, instead, just that making any sharp distinctions between programmes of categorical and general assistance in this way necessarily entails presumptions.

First, it presumes that the right categories have been identified: that persons in the categories picked out for better treatment are importantly different from everyone else and that they are, at least on average, more qualified for that better treatment. Perhaps some blind people find it easier to hold down a job than do some neurotics, but unless the converse were characteristically the case, there would be no grounds for including the blind but excluding the neurotic within the set of categorically privileged claimants.

Secondly, the practice of categorical assistance presumes that the right treatment differential has been established. That is to say, we presuppose that the extent of the differential treatment accorded to those in the categories selected for especially favourable treatment corresponds to the actual differences – again, at least on average – between them and everyone else, along whatever dimension it is that justifies that differential treatment in the first place. Thus, for example, in making short-term sickness benefits half as large again as long-term disability benefits, the presumption must be that people are usually able to rearrange their economic affairs so as to reduce their financial commitments by something like 50 per cent during the six months they spend on the short-term, higher benefit before they are shifted over to the lower, long-term disability pension.²⁴

A similar story can be told about all the other ways of characterizing our two-tier social security system. With contributory or social insurance schemes, who belongs on which tier seems clearer, at least at first brush. Notionally, the distinction is simply between those who have contributed (that is, those who have paid an insurance premium) and those who have not. But matters are never *so* simple. By that rule, we should refuse to pay contributory benefits to anyone who has not contributed – including, for example, those who were already of pensionable age when the contributory old age pension was established or, for another example, those who have not themselves contributed but are dependants of deceased others who have. In practice, we have always extended the benefits of contributory social security schemes to such persons right from the start. If we are going to relax the contributory logic that far, though, why no further?

There must be some presumptions at work here – presumptions about fairness or the structure of family life – that justify those but rule out other apparently similar extensions of contributory benefits to non-contributing parties. Presumably, for example, the grounds for pensioning those who were already old at the inception of the old age pension scheme were that it would be unfair, somehow, to deprive them of the benefits of a scheme which they would happily have joined, if they had only had the chance. But by that logic, we should similarly include the persistently unemployed and the unemployable: they too, it could equally plausibly be argued, would have been happy to join the scheme had they only been given the chance of a job.

Here again, two-tier policies presume, by their nature, that we have identified the right principles to use in placing people on one tier or the other. We presume that contributors (or those whom, for reasons other than contribution, we are prepared to treat as contributors) are importantly different – at least on average – from everyone else, in some

morally important respect. We presume, furthermore, that the difference in the treatment we accord them is proportional to those differences – again, at least on *average*.²⁵

The point – here even more emphatically than in Section 1 – is not that any particular presumption is necessarily embodied in social security policy organized on a categorical, or contributory, or social insurance basis. If we decide that one presumption is in error, we can easily enough shift to some other upon which to base our categorical distinctions or the treatment differentials accompanying those distinctions. The point is simply that we *do* have to shift to some other presumption. If we are to sustain that sort of two-tier social security programme at all, we simply cannot do without presumptions altogether within such schemes. We need some basis for distinguishing between cases on the two tiers, and with such bases for distinction inevitably come presumptions of one sort or another.

3. Problems with Presumptions

The basic problems with presumptions are plain for all to see: they are vulnerable to factual error, and they are vulnerable to social change. American social security policy presupposes, in its administrative structure, that most households have a breadwinner who is employed most of the time. That certainly was not true when the Social Security Act was passed into law during the Great Depression; it certainly is not true of a small but significant minority of American households, even today. The structure of the Social Security Act similarly presupposes that families stick together through time, *so* that social security entitlements built up for the couple as a whole during the breadwinner's working years will actually cover the same pair in their old age. Such stability may well have characterized American family life in the 1930s, but it certainly does not today.

Of course, it is perfectly true that social security policy always contains a residual form of assistance extended to people who are in need, whether or not they fit into any preordained categories. Those who are not entitled to social insurance can always fall back upon social assistance. Inevitably, however, such residual, catch-all policy categories are treated less favourably by policy-makers: they are inevitably funded less generously, and they inevitably carry more social stigma than do their mainstream policy counterparts. *So* it is simply not acceptable to discount the importance of any errors we might make in our policy by saying that there is a residual safety-net policy to catch any mistakes we might have made. Where we place the emphasis – what we take as the paradigm cases and what we take as the peripheral cases – clearly does matter.

That points to the third way in which social security policy is vulnerable to presumptions: it is vulnerable to errors in emphasis, treating as exceptions or residuals what are truly standard and paradigmatic cases of the social problems a policy is supposed to be meeting. When we are setting up a programme, we try to tailor it to what we suppose to be the standard case. If we are mistaken in what we suppose to be the standard case, or if the standard case changes, our policy is not the altogether fitting response to the standard case that we suppose it to be. Administrators will have increasingly to twist and turn to assimilate rather different cases, now standard, within the structure of a policy designed with a different paradigm case in view. The fit will never be perfect, and the injustice will therefore always be palpable.

None of this would matter, of course, if social policy were instantly alterable once we realized our errors. But of course it is not. Indeed, a veritable presumption in favour of the status quo sometimes seems to be at work – especially in purely administrative settings – with those advocating change being required to carry not just a rhetorical but almost a quasi-legal burden of proof that a change *is* needed. How seriously we should take such formalistic talk about burdens of proof and presumptions outside such settings is, perhaps, unclear. Still, in purely practical political terms, those advocating change must inevitably be the ones who bear the burden of mobilizing a coalition. The law stands as written until it is rewritten, and change inevitably requires further legislation *or* administrative action in a way that sticking with the status quo does not. If the errors are palpable and their consequences severe, the change will no doubt eventually come. But given the costs of organizing changes, it will doubtless not come immediately, and serious injustices will occur in the meantime.

In arguing against presumptions in this way, we must not overlook possible arguments in their favour. Some presumptions have little to be said in their favour. They are no more than descriptive presumptions – presumptions about matters of fact. When those turn out to be in error, there is no good reason not to change them straightaway. But presumptions can be prescriptive as well as descriptive. In that latter case, there may well be good grounds for persisting with presumptions we know to be descriptively inaccurate.

In many of the examples cited above, it may well be prescriptive rather than descriptive presumptions that are at work. We presume, for purposes of social policy, that families will share income equitably, that families will stick together, and that people will respect court orders to support their children. But perhaps we are under no illusions about the empirical unreality of those propositions, in all too many cases. Perhaps we build those presumptions into social policy none the less because we

want to try to alter social reality in those respects, and we think that building those presumptions into social policy will somehow help to do *so*.

The goals embodied in all those prescriptive presumptions are undeniably worthy. The question is simply whether the best way to pursue those goals is by building them into social programmes in the form of presumptions. Usually it is not. If we want to enforce court orders against non-supporting parents, surely we would be more successful in using the ordinary legal mechanisms for enforcing court orders – attaching their wages, requiring surety bonds or, ultimately, incarcerating them for contempt of court.²⁶ If we want to make sure that families support their children through higher education, surely it is better to tax them for the sum we presume they should be able to pay. If we want to ensure that husbands and wives share family resources equitably, surely it is better to treat them as individuals rather than a family unit for tax and social security purposes, so that each gets the same sum rather than the family as a whole getting a lump sum to be divided between its members as it sees fit.²⁷

Simply setting up policy in such a way as to presume that these desirable forms of behaviour occur is a less direct – and for that reason less effective – way of guaranteeing those results. All too often it is no use at all, because when the policy fails to achieve its goals, the penalty for that failure falls on the wrong party – the starving student or the undervalued spouse, or whoever.

4. Basic Income as a Minimally Presumptuous Strategy

For all these reasons, it is desirable that our social policies should rely as little as possible upon presumptions. The basic income strategy can be commended, against that background, as the minimally presumptuous form of social security policy. It achieves that honour, *of* course, by also being the least discriminating form of social security policy. Whereas other forms of social security policy attempt to distinguish between more and less deserving categories of claimants, the basic income strategy attempts no such distinctions. It simply gives everyone in the society the same basic income.

There are, of course, obvious costs and disadvantages to being so indiscriminate in our policy, but there are also advantages. By attempting fewer discriminations, the basic income strategy also manages to get by with fewer presumptions. In other more discriminating two-tier social security strategies, it is crucial to specify our categories correctly, and to set the treatment differentials between them correctly. Sociological presumptions which may or may not (now) be

empirically warranted enter as we try to establish any such distinctions. An advantage of a policy that attempts no such distinctions – whatever its other disadvantages – is that at least no such precarious presumptions are smuggled into social policy.

Thus, for example, programmes of categorical assistance attempting to aid only those who are genuinely unable to work need to draw sharp lines between one sort of disability and another, or one cause of impairment and another. In *so* doing, those programmes make various sociological assumptions – assumptions about the nature of paid work and about what is and is not compatible with performing it in our society. Those assumptions are naturally prone to sociological error and to social change, in the ways described above.

A basic income approach runs no such risks. The reason is, quite simply, that it takes no notice of why a person's income is low – or, indeed, of how high or low their income is. Whether a person is unable to work or merely unwilling to do *so* is of no consequence, in terms of a basic income approach to social security. Such an approach merely arranges, without further question, to bring everyone's income at least up to some stipulated social minimum. That example was chosen deliberately. It shows the basic income strategy in what would seem to be its worst light – or at least I presume that most people would intuitively scorn a policy that proposed to pay identical social benefits to the severely disabled and to the merely idle. Contrary to our immediate intuitive reactions, however, I now want to argue that this *is* the right thing to do.

No doubt if we could get benefits to the deserving and only the deserving, we should do *so*, but those categories are not themselves clear-cut. The 'undeserving' might look a lot more deserving if we took into account alternative forms of socially useful activity (caring for young children or aged relatives, for example) performed outside the labour market. Or, again, we might count as 'deserving' all those who would work if they were provided with good jobs at decent wages – thus shifting the onus from unemployed individuals to the society that fails to provide them with decent employment opportunities.²⁸ And all this, in a way, merely betokens what are truly massive conceptual problems with notions of moral desert – problems which prove particularly vexing in these realms."

Even assuming that the concepts of 'deserving' and 'undeserving' are clearer than they actually are in these realms, we would face the problem of applying them to particular cases. As discussed above, there is always a serious prospect of sociological error and social change in these matters. Those risk vitiate, in turn, any categorical distinctions with which we might try to capture those two concepts in our policies. The

risk of error is always with us, and the question is simply on which side we should prefer to err. Is it more important to deny benefits to the undeserving, even if that means denying them to some of the deserving, too? Or is it more important to make sure that all the deserving get the benefits, even if that means giving them to some of the undeserving, too?

The answer is, of course, sensitive to actual numbers. If getting the benefits to the last dozen deserving cases means giving them to thousands of undeserving cases, we might decide that on balance it is better to deny them to those last few deserving cases. And, conversely, if weeding out the last dozen spongers means denying the benefits to thousands of deserving cases, we might decide that it is on balance better to accept that a few people will get undeserved rewards.³⁰

The calculation upon which the case for an indiscriminate basic income approach to social security policy rests is just this: the harm done by deserving cases being denied benefits by errors that accompany a more discriminating policy is, it is judged, worse than the harm done by undeserving cases being granted benefits by a less discriminating policy. In terms of the prejudicial example with which I introduced this discussion, it is judged on balance to be worse to take the chance that errors in categorical social security policies will deny benefits to those who are genuinely unable to work than it is simply to swallow the fact that some idle louts will get a basic income they do not deserve. If we put it that way, the repugnant conclusion is surely more appealing.

5. Persisting Presumptions

In saying that the basic income approach is the minimally presumptuous social security policy, I do not mean to imply that it is without presumptions altogether. There are presumptions – some of which are genuinely problematic – inherent in an income-support scheme of any sort, one that relies on notions of a basic income included among all the others.

Social security programmes are generically income-transfer schemes, aimed at providing compensation to certain categories of persons for certain kinds of losses.³¹ The basic income approach just generalizes this strategy, providing cash to people unconditionally, without further inquiries about what categories they might fall into or what sorts of losses they might have suffered. But it still shares the same root presumption underlying all social security policy – that whatever it is that might ail people, an infusion of additional cash will cure it.

Much of that is true, but just as much is not. Suppose someone has suffered an injury resulting in the loss of income – the classic sort of case which traditional social security (Workmen's Compensation) policies is

designed to remedy. Now, if what people care about in income is just the money, then an infusion of money from one source can easily enough substitute for money lost from another. There, cash transfers can compensate perfectly well.

But even with *so* easy a case, matters are often more complicated. People sometimes (to some extent, probably always) care about the source of the income as well as about the money *per se*. Earned income is a source of pride in a way that unearned income is not, and matters become more complicated still when the loss in question is not just monetary. Of course we can give people money to compensate for the loss of an arm; but the wad of bank notes does not look or perform at all like the arm used to. People may think themselves as well off, in some sense or another, with one arm fewer and an extra \$100,000 in the bank. But while they may be subjectively as well off, they will undeniably be objectively differently fixed (in a way which might subjectively matter to them, in turn) with respect to their particular projects and to the world in general.

Whether you think they have, in that case, been fully compensated depends upon whether you think that compensation is a matter of leaving people exactly *as* you found them – which is the more demanding task – or a matter merely of leaving people *as well off* as you found them. My own view – defended at length elsewhere³² – is that the former, more demanding task is the proper goal of compensation policy. If there has been some unwarranted interference with the course of people's lives, our duty is to set them back on their previous course as best we are able. We cannot forcibly shift them from one set of projects to another – even to another that they would regard as equally good – without doing gross violence to the notion of a person as an autonomous agent, with plans and projects of his or her own.

Now, social security schemes in general, the basic income approach included, are all mechanisms of income support. They all work through compensation for losses. The presupposition they all share is that losses can be fully compensated. And, in so far as they are income-transfer schemes, they further presuppose that the losses can be compensated by monetary payments. In *so* far as certain losses cannot be compensated, or cannot be compensated by monetary transfers, such presumptions are simply unwarranted.

The implication, as I see it, is merely that there are limits to what social security policy – however organized – can do for us. For certain sorts of irremediable losses, we must pursue a policy predicated on goals of prevention rather than of *ex post* compensation. Regulations to prevent workplace injuries are better than disability pensions for those suffering such injuries, for example, precisely because a disability

pension provides only lost wages, whereas the injured worker has lost an arm as well as the lost wages for which the pension might compensate him or her. And in *so* far as work – and earning more generally – is a source of pride as well as of money, a full-employment policy preventing **loss** of pride-inducing income would be preferable to a universal grant, unrelated to work, providing the same monetary **sum**.³³

6. Conclusion: Efficiency in its Place

In this chapter, I have been making two principal claims. One is that proposals for an unconditional basic income for all constitute a minimally presumptuous social policy. The other is that policies which are minimally presumptuous in that way are likely to be maximally target-efficient, at least **in** a world where sociological facts upon which more categorically based programmes might be conditioned are uncertain, highly variable and, in any case, constantly changing.

Arguing for basic income in efficiency terms in that way is undeniably cheeky. It meets and beats critics of social benefits in general, and of unconditional ones in particular, on their own chosen ground. In a context in which apparently the worst thing that anyone can say against such programmes is that they are inefficient, the best thing to say on their behalf is that – quite to the contrary – such programmes are probably more efficient than any of the more draconian alternatives that their critics would prefer. Or so it may seem, anyway.

In closing, though, it is important to remember that we do not value efficiency in and of itself; instead, it is valued merely as a means. Whatever our other goals may be, we want to pursue them as efficiently as possible merely *so* that we may achieve as many of those other goals as possible. Efficiency is valued because achieving more of those other goals is valued – no more, no less. The value of efficiency is thus wholly derivative from the value of those other goals, and efficiency as such is of no independent moral importance to us.³⁴ *So* at root, the reason we should cherish the target efficiency of basic income strategies is simply that it guarantees that we will, through them, be able to relieve human suffering as best we can.

Notes

I am grateful to Claus Offe and Philippe Van Parijs for comments on an earlier version of this chapter.

1. For present purposes, I adopt the most extreme definition of 'basic income' as independent of any tests relating to: work (current work or willingness to work or past work performance); income **from** other sources; needs and their

proxies (marital status, numbers of dependants, age, disability); or other personal characteristics (sex, race, citizenship). For elaboration of this definition, see Van Parijs (1988) and Van der Veen and Van Parijs (1986).

2. Beveridge (1942); Baker (1992).

3. Friedman and Friedman (1980: ch. 4); Steiner (1992).

4. Reich (1963).

5. Okun (1975); cf. Van Parijs (1990). That was a recurring theme throughout the eighteenth- and early-nineteenth-century debates over the Old Poor Law, culminating in the 1834 reforms (Blaug, 1963). The same theme figures centrally today in New Right challenges to our current welfare state arrangements (Murray, 1984: 146).

6. Many such programmes, for example, constitute 'investments in human capital' of a sort that would be too long-term, too uncertain or too much of a 'public good' to be provided by ordinary markets. People have imperfect information about (and – perhaps more to the point – inadequate cognitive capacity to cope with) the sorts of risks against which welfare programmes protect them. Finally, the efficient operation of ordinary insurance markets presupposes that the risks being insured against are statistically independent of one another, in a way that they are not with the essentially social risks against which the social insurance schemes of the welfare state protect us. See further Goodin (1988: 158–9, 235–42) and Barr (1987: chs 4, 5; 1989).

7. It is a disingenuous claim, judging from the conclusion of the most authoritative survey of this body of research, which shows that in exchange for a 4.8 per cent reduction in labour supply (and a reduction in private savings that might be anything between zero and 20 per cent), Americans get a 75 per cent reduction in poverty and a 19 per cent reduction in the Gini coefficient of income inequality (Danziger, Haveman and Plotnick, 1981: 1019).

8. These debates are well summarized in Deacon and Bradshaw (1983). On the latter point, see Goodin (1988: ch. 7).

9. Goodin and Le Grand (1987: ch. 6).

10. This was precisely the strategy adopted by Titmuss (1967: ch. 7) in his classic paper on 'Universal and Selective Social Services'.

11. Offe (1992) hints at an argument along these lines.

12. That is, in at least two out of Esping-Andersen's (1990) 'three worlds of welfare capitalism'.

13. United States Social Security Administration (1978); Palme (1990).

14. The American case is well discussed by tenBroek (1954).

15. Edwards (1981); Piachaud (1982); Pahl (1983).

16. As is now done under the US Social Security Amendments of 1974. For a discussion, see Mondale, Bentsen and Ribicoff (1974).

17. These proposals from New Right writers like Berger and Neuhaus (1977), Murray (1984) and Novack (1987) won the qualified support even from the OECD (1981). For analyses of how such schemes work in practice, see Johnson (1987, 1990); for an ethical critique, see Goodin (1988: ch. 12).

18. Land (1978).

19. d'Abbs (1982); Blumer (1987).

20. The broader issues involved here are well catalogued by Tussman and tenBroek (1949).

21. Titmuss (1955).

22. Stone (1984).

23. Atiyah (1975: ch. 20).

24. Goodin (1990).
25. The latter presumption wears particularly thin in social insurance schemes involving compulsory risk-pooling, where better-than-average risks are in effect legally compelled to cross-subsidize worse-than-average risks. On this, see Titmuss (1968: 173–87) and Goodin (1988: ch. 6).
26. Chambers (1979). It must be said, however, that this works only very imperfectly in practice. Withholding payments from wages increases the ratio of child-support dollars paid-to-owed from some 53 per cent to some 70 per cent. But that still leaves a stubbornly recalcitrant 30 per cent of support awards unpaid, even after the most draconian treatment we can seriously contemplate instituting. See Garfinkel and Klawitter (1990).
27. That is the larger implication of the recent work on family income-sharing, at least; see Edwards (1981), Piachaud (1982) and Pahl (1983). In practice, most of those studies focus on more modest policy goals such as retaining child benefit, which is in practice collected by the (typically female) partner who is not in paid employment and who is in consequence typically disadvantaged in the intrafamily income carve-up.
28. As Claus Offe has usefully reminded me.
29. Goodin (1988: ch. 10).
30. Goodin (1985). Atkinson (1990) has powerfully extended this analysis, with particular reference to unemployment benefits in the UK.
31. They are all, therefore, premised on the similar presumption that losses can always be compensated by cash transfers.
32. Goodin (1989).
33. Goodin (1985: 90–93). The same conclusion – that we should strive to get the primary distribution right rather than counting on a secondary, post-transfer distribution to do the job for us – is urged on other grounds in Goodin and Le Grand (1987: 222–5). The Australian ‘worker’s welfare state’, for example, where social security is pursued more through wage policy than transfer payments, might better satisfy this requirement. See Castles (1985).
34. Goodin (1988: 245–56); Le Grand (1990).

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13

The Second Marriage of Justice and Efficiency

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The current debate between advocates and opponents of the introduction of a *basic income*, of a grant unconditionally paid to every adult citizen, constitutes, in my view, one of the most important controversies about the future of European welfare states.' One intriguing feature of this debate is that the advocates of basic income seem increasingly driven into – some might prefer to say hopelessly stuck in – an ambitious attempt to show that a basic income is required for the sake of both justice and efficiency. Such an attempt is not unprecedented. Several contributors to the prehistory of the contemporary discussion have similarly claimed that concern with output growth and respect for people's rights both demand that a basic income be introduced. To quote just one of the most prominent among them, writing nearly half a century ago:

I regard the social dividend as an indispensable instrument, under modern conditions of large-scale production ... for insuring that production shall be pushed to the limits set by the demand for leisure, and not held back by allegations that it pays better to leave productive resources unused when they cannot be so employed as to show a 'profit' over total 'financial costs'. I regard it, too, as a necessary recognition of the essentially social character of production, which depends not only on the current efforts of the individual producers, but also on the accumulated stores of knowledge which are the common birthright of us all.²

But as the debate on basic income is gaining momentum throughout Western Europe, the revival of this twofold ambition prompts two questions. First, why do basic income supporters set themselves such an