The Administrative Efficiency of Basic Income

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Abstract: Basic income advocates typically praise the administrative efficiency of universal and unconditional forms of income maintenance. In this article we critically examine what we call the administrative efficiency thesis, and expose a number of misconceptions, unwarranted generalisations or careless assumptions that permeate discussion of the administrative properties of basic income. Each of these either obscures a significant constraint on the possibility of realising administrative efficiencies, or else misleadingly inflates the likely size of such efficiencies where they do exist. By exposing and exploring these concerns we aim to put the administrative arguments in favour of a basic income policy on a more systematic and defensible footing. 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 congruent with the policy objectives that justify its adoption in the first place. The need to make such hard choices have been obscured by the absence of administrative analysis in the existing literature.

1. Introduction

Basic income advocates typically praise the administrative efficiency of universal and unconditional forms of income maintenance. In a statement that succinctly expresses the prevailing view amongst basic income advocates, 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.” Other basic income proponents take a similar line. 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.” For 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.” And Daniel Raventós (2007: 122) similarly laments

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that “the administrative costs of [selective] minimum income support are huge, swallowing a very high proportion of the total budget because of the numbers of staff involved in selection and follow-up of beneficiaries, evaluation of results and other tasks”, suggesting that, once again, a universal and unconditional basic income offers a significant improvement in this respect.

In this article we critically examine what we call the administrative efficiency thesis, and expose a number of misconceptions, unwarranted generalisations or careless assumptions that permeate discussion of the administrative properties of basic income. Although we agree with the scholars mentioned above that basic income policies are very promising when thinking about the public administration of welfare reform, we remain concerned about the remarkable absence of administrative analysis in the basic income debate. It is not much of an exaggeration to state that the administrative efficiency thesis is often more implied than explicitly argued for, and where advocates make explicit statements they often do so in a cursory and general fashion. In short, we are concerned that the assumption that basic income is necessarily more administratively efficient than its leading selective competitors may come to impede the implementation of an administratively viable basic income scheme based on sound design choices.

Underlying much of the “bureaucracy-bashing” by basic income advocates appears to be an assumption that administration represents pure waste, like friction in a mechanical system. This view is understandable, given the deliberate administrative obstruction observed in existing selective schemes (Handler, 2004; Handler and Hasenfeld, 2006). Nevertheless, such a perspective obscures the vital role of administrative systems to the achievement of any welfare policy goals, including those advanced through basic income policies. To illustrate, while a scheme may be nominally universal scheme because no conditions are placed on the receipt of a grant, the goals of basic income policies are only satisfied when it becomes a substantively universal scheme, which requires that benefits are effectively received by all within the eligible population. The policy choices and administrative challenges entailed by a substantively universal basic income are considered in Section 2, below.

An important related design choice concerns the importance placed on different types of administrative saving. Basic income advocates tend to assume that reducing the bureaucratic effort expended in the administration of a grant goes hand in hand with reducing the burden on beneficiaries — including the effort involved in claiming a grant and the indignity and hassle of an intrusive claims process. Instead we suggest that in some cases these two dimensions of administrative saving may be in tension, sometimes contradicting each other. This leaves basic income advocates to face a though political choice of which sense of administrative saving 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 arguments that may hold only 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. Once we consider that these radical proposals have in the main proven politically intractable, and that the political debate focuses on various compromise proposals, these qualifying tests and their administrative costs re-enter the picture. Moreover, 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 by virtue of the fact that many of the administrative costs of such schemes are common to the administration of other policies. To the extent that those policies remain in place when a basic income is implemented, so do the required administrative systems and no real savings occur. 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. If a basic income is designed to operate in conjunction with highly selective, administration-heavy schemes, again real savings may be significant lower than implied throughout the literature.

The foregoing concerns are both relevant for understanding the administrative efficiency thesis and for implementing basic income in a robust and effective manner, congruent with its stated and implied policy goals. Our aim is not to cast doubt on the feasibility of basic income in general, nor even to deny the possibility that unconditional basic income schemes might indeed prove to be more efficient in the final analysis. We merely propose that what is currently theoretical speculation be properly grounded in a systematic empirical comparison between competing policy proposals. Whether real administrative savings in fact occur, and the precise size of those savings, are questions that require careful consideration when moving towards the implementation of a welfare policy. In addition, we firmly believe that exposing the administrative efficiency thesis to systematic analysis may further assist the case for basic income in that it requires advocates to appreciate and accommodate some concerns that hitherto have been neglected. As this contribution shows, administrative concerns often translate into genuine hard political choices that require careful analysis. If basic income is to make it off 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 a major asset.

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. Daniel Raventós provides a paradigmatic statement: “Some of these critics refer to excessive control over the lives of people who seek welfare services from the state. One example of this is the follow-up of some programmes of job rehabilitation, which is very invasive. Other critics focus on the administrative costs of some social services. Even if the services are efficient, these costs are at best equal to the total amount of money that reaches the beneficiaries while, in less efficient cases, administrative costs can be several times the total amount received by all people who are beneficiaries of the programme” (Raventós, 2007: 119). 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).

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 such that every citizen is in principle entitled to receive the grant. But unfortunately this does not ensure that every citizen in practice will end up receiving a basic income, as some poor and 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: it is not obvious at all that basic income, simply by virtue of being universal and unconditional, will ensure that the poor will be informed of their entitlements or, when fully informed, avail themselves of those benefits. Moreover, to merely state that, with a basic income scheme in place, fewer of the poor will fail to avail themselves of their entitlement implies a rather weak aim, in particular where 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 to administration if this was necessary to realise a substantively universal scheme which effectively

2 Similarly, Loek Groot and Robert van der Veen (2000b: 203), discussing the complexity of social security in the Netherlands, point out that “[i]n order to check the many entitlement conditions, the rules of general assistance and related laws required extensive monitoring of claimants. (...) this was perceived to be invasive of the private sphere, and humiliating as well, under conditions of high unemployment. The complicated procedures also created incentives of benefit fraud and administrative shortcuts.” On benefit fraud see also Offe (2001).

3 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.

4 One might argue, as some libertarians no doubt will, that at this point any failure to reach recipients is not a problem as the welfare administration has done its due diligence and the resulting failure in uptake is a private responsibility for the recipient. We do not accept this argument.
reached a larger proportion of these hard-to-reach groups.\textsuperscript{5} Basic income advocates often conflate nominal universalism (the absence of restrictions) with substantive universalism (the real inclusion of all eligible recipients).

To see how an effective, substantively universal basic income scheme may involve increased administrative costs, consider that one of the central tasks of welfare administration is to gather relevant information that accurately identifies beneficiaries and monitors their compliance with the relevant standards and rules. Basic income scholars correctly assume they can eliminate the task of monitoring compliance, but fail to appreciate that lifting restrictions does not in itself identify those who should be included in the scheme. Creating and maintaining such a list or cadaster of those eligible for a grant will be central to the effectiveness of any income support scheme. Indeed, 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 effective administration. However, the more universal a scheme, the more encompassing the relevant cadaster, and the greater the administrative costs necessary to keep it up-to-date and reliable.

Basic income is particularly challenging in this respect because the absence of restrictions and its universal scope quite literally implies the relevant list must cover almost the whole population.\textsuperscript{6} While some countries have very robust cadasters comprising the entire population – in part because they employ a system of compulsory identity cards requiring every new entrant in the population to register in a central database\textsuperscript{7} – many countries lack any suitable existing cadaster of beneficiaries. In such cases, the commitment to a substantively universal basic income would require the construction \textit{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 one might assume, and are therefore of only limited use for the task at hand: the voting register, for instance, typically excludes whole categories of people who would be deemed eligible for a basic income. In particular, electoral rolls that depend on voters personally registering before an election would result in glaring gaps in the comprehensiveness of the resulting cadaster for the implementation of a universal basic income.\textsuperscript{8}

\textsuperscript{5} Van Parijs (1995: 25ff) adopts a particular version of the maximin approach in the form of a leximin opportunity condition. Since leximin opportunity is to be assessed against a background of feasible arrangements, the real question becomes whether a feasible alternative that implies more substantive administrative measures ought not be preferred by Van Parijs over one with less administration that fails to securely encompass the worst-off groups.

\textsuperscript{6} Temporary or permanent 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 rather ensuring all others are included.

\textsuperscript{7} Examples such as Belgium and Spain come to mind. We are grateful to José Noguera for bringing this point to our attention.

\textsuperscript{8} Again one might argue that this outcome ultimately is the personal responsibility of those who fail to register. In fact, one might even argue that linking voting registration and basic income in this way would turn the latter into a genuine “citizens’ income”, and improve electoral participation over time. But this argument again fails to consider the plight of some of society’s most vulnerable groups, and to basic income advocates the cost of such a “citizenship” dynamic would be too high.
Consider a second administrative bottleneck to ensuring the robust implementation of a substantially universal basic income. The public administration literature suggests the implementation of a welfare scheme must achieve a degree of fit or complementarity between the way in which beneficiaries are defined (and identified) and the means by which payments are disbursed. In other words, in addition to having to maintain a proper cadaster of every single citizen who is eligible for a basic income grant, the implementation of a scheme must also specify a payment mechanism that is equally universal in reach. 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 lived in households with no access to a basic transactional bank account. And predictably, these “unbanked” households disproportionately included some of the most disadvantaged groups.

It is often argued that the optimal arrangement for disbursing a basic income across the board would 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 advantageous in dealing with difficult-to-reach beneficiary groups that require special policy attention: beneficiaries who are homeless or excluded from the formal labor market, and hence from firms’ payroll systems, are typical examples. In addition, it is well-known payment systems are error-prone more generally. These reasons all suggest the monitoring of payments is essential to ensure that benefits are received by all those who are entitled. And here basic income again faces considerable difficulties. On the one hand, monitoring the effective disbursement of a grant scheme that encompasses the whole population requires considerable administrative capacity and effort. On the other hand, because basic income does not imply repeated monitoring of eligibility conditions it has lost an important instrument to “cross-check” whether payments are effectively received by beneficiaries.

The upshot of the last paragraphs 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.

9 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.

10 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”, as well as the extent to which basic income policies face more administrative challenges in this regard.

11 Hood (1986: 78-79) insists the arrangements for disbursing a benefit should ideally enable administrators to cross-check individual eligibility to a benefit.
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 (maximally) substantive universal basic income requires considerable investment on building administrative capability. A different set of hard choices refers to 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.

3. Two Types of Administrative Savings

When basic income advocates claim that an unconditional basic income saves on administration they genuinely believe that different policy proposals can be compared and ranked in a fairly straightforward fashion in terms of whether they “use bureaucracy sparingly”, in Christopher Hood's (1983a) apt phrase. Basic income scores well on this dimension precisely because, all-things-considered, its implementation requires less administrative involvement. However, Christopher Hood (1983a) points out that the apparently simple canon of using bureaucracy sparingly can give rise to potentially conflicting interpretations. Adapting Hoods 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 be implemented with minimal (personal) intrusion. Each of these is analytically distinct and, where they diverge and cannot be satisfied simultaneously, may indeed become political competitors (De Wispelaere and Stirton, 2010).

On the first interpretation, the best income maintenance policy is that which requires the least bureaucratic resources, for any acceptable level of performance. This formulation suggests a strict ordering of desirable policy goals and then opting for the implementation scheme that uses least administrative resources. However in its most radical form this may be rather implausible; a “leximin” approach, by contrast, plausibly allows for small losses in policy objectives being justified by 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.

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12 This sort of concern would put advocates such as Van Parijs diametrically opposed to those such as Murray (2006) who advocate basic income largely as a means to dismantling the welfare apparatus.
of defining, monitoring and disbursing a grant.\footnote{These transaction costs are here interpreted as social opportunity costs, that is social resources that could have been (more usefully) spent elsewhere. See Offe (2005) for a different conception of transaction costs related to basic income.}

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). This, in turn, minimizes deadweight loss and generally ensures that more of the resources earmarked for a program 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 \textit{program efficiency} of a policy. At the same time, however, applying this interpretation (in its leximin version) might put limits on the justifiable level of administrative effort in identifying or making payments to hard-to-reach beneficiaries, if the additional cost of doing so were excessive. To the 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 \textit{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 administrative savings 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 be implemented with 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. While much of the relevant debate within the welfare reform and basic income literatures focuses on minimal intrusion in a very strict sense, we argue for a more elaborate notion that explicitly captures the sense in which using bureaucracy sparingly minimizes \textit{inconvenience}. This formulation 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.\footnote{Offe (2005: 71) refers to these as \textit{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.”}

In part minimal intrusion follows from what Goodin (1992) has termed the “minimally presumptuous” approach of basic income: a relative lack of presumptions means we can simply allocate a grant without having to actively intrude or pry in claimant’s lives and defies unnecessary
complexities in the application process. According to Goodin this has a major impact on the target efficiency of basic income schemes, but minimal intrusion is typically 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).

Both the minimal resources and the minimal intrusion senses of using bureaucracy sparingly are relevant in terms of assessing the comparative advantage of universal or selective income support schemes. For basic income advocates both approaches offer a clear perspective on 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 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 assume – often without genuine analysis, let alone argument – that the two senses of using bureaucracy sparingly will coincide. But there are good reasons to think this may not be the case. Often these reasons are practical and part of the sort of design choices we face when designing a robust administrative system to implement policy (De Wispelaere and Stirton, 2007). 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 captures 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 2010). In cases like this, neither ignoring the conflict, nor relying on a “technocratic fix” will be of much help. Design problems like these easily blend with normative and ideological perspectives to transform them into genuine hard political choices that policy-makers must face up to. As before, basic income

15 The underlying mechanism is straightforward: “If people’s needs are increasingly nonstandardized, so too must be the social response” (Goodin, 2001: 92).
16 Compare again the libertarian/conservative perspective of Murray (2006) with that of the leximin
advocates ignore this sort of conflict at their own peril.

The problems discussed so far concern a flawed conception of public administration implicit in much of the thinking of basic income advocates on administrative savings. In the following three sections we identify three types of constraints that impact on to the applicability of arguments that basic income is administratively efficient.

4. Paradigmatic and Cognate Proposals

In the present section we suggest 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). When looked at as a practical policy proposal the paradigmatic conception is incomplete in at least two respects. In the first place, 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). In addition to this variation within the paradigmatic conception, basic income advocates have also begun 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 perspective, since this may provide the basic income advocate with crucial political “wriggle room” at the negotiation table. It is by 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 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. Allowing for considerable variation in design parameters has the obvious 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, or even having to deal with a time lag because administrators or claimants need time to learn how to operate within the new environment.

But accepting that any politically realistic proposal will likely take a compromise form, produces a political dilemma for basic income liberal-egalitarian such as Van Parijs (1995, 2004).
advocates. The problem, as we see it, is that the sort of arguments in favour of administrative efficiency put forward by basic advocates really only apply in full 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 problem that precisely this radical version of basic income may face the biggest hurdles in terms of political acceptance.

Let us briefly illustrate the problem through the example of Tony Atkinson’s participation income, by far the best known cognate proposal (Atkinson, 1996, 1998). 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.”17 Thinking through the operational requirements of making such a broad participation condition administratively feasible rapidly gets one into very murky waters. In fact, the apparent simplicity of Atkinson’s participation condition, while offering excellent political value in a policy context obsessed about free-riding, reciprocity and economic incentives more generally, unfortunately is essentially administratively elusive (De Wispelaere and Stirton, 2007). For instance, 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 social participation cashes out 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 must also institute a robust monitoring and enforcement system. And here the fact that “social participation” eludes strict interpretation also defies easy administration: to put it in simple terms, by expanding both the 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.18

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) acknowledges as much: “[participation income] opens up a nightmarish scenario of an enormous

17 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.”

18 In De Wispelaere and Stirton (2007) we offer considerable more detail to substantiate our claim that participation income is administratively inefficient, and also make the further crucial argument that this in fact also undermines its claim to political feasibility. We refer interested readers to that piece.
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.” The real fallacy is to assume, however, that while basic income proper outperforms participation income (or any other cognate scheme) in terms of administrative savings, the latter nevertheless still offers some important savings, 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 administration costs) increase exponentially. Moreover, it is not merely the amount of conditions per se, but most importantly the extent to which they can be easily operationalized that determines the administrative “cost” of a program. The latter point applies to both senses of using bureaucracy sparingly, as we demonstrate in De Wispelaere and Stirton (2007, 2010), 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 hard to escape. 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 political 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

The argument put forward in the previous section suggests that, while cognate basic income proposals face significant administrative problems even when they are politically feasible, the paradigmatic basic income proposal still implies considerable administrative savings. It follows from this point, its advocates might argue, that the issue is really one of boosting basic income’s political feasibility and criticism related to its claims for administrative efficiency is entirely misplaced. In the remaining two sections we want to suggest that even the paradigmatic form raises concerns that are neglected by basic income advocates despite having a considerable impact on the size of the savings associated with introducing a paradigmatic basic income variant. The supposed administrative savings associated with the paradigmatic basic income proposal depend in large part on an institutional fit with other policies: the implementation of basic

19 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.
income typically piggy-backs on existing administrative capacities, and many of the associated costs are common to the administration of quite separate policies. This may lead to two distinctive types of failures, both of which may overestimate the real administrative savings of basic income.

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 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.20 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 simply assume the nationality or residency test does not impose administrative burdens on the administerability of basic income, for the simple reason that such tests are routinely carried out in most countries for other policy reasons and little additional modification is required.21 But this assumption may be difficult to maintain once we appreciate the difficulties of ensuring that every single eligible recipient – say, all citizens or even all residents – effectively receives the grant. For 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.22 Merely assuming that key administrative capacities are in place and can be used without further cost is effectively discounting a large part of the full costs of implementation.23

Let us now move to a second consideration. Following the line of thinking above, basic income will be introduced in a policy environment in which its implementation may not require the usage of a particular administrative capacity. One might argue this constitutes a saving of sort.

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20 Most UBI proposals are geared at the state level, but see Vanderborght and Van Parijs (2001) and Howard (2006) for discussion of proposals that span a wider region, the EU and NAFTA, respectively.

21 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.

22 Compare the discussion of cadasteribility and conduitability in Section 3; also De Wispelaere and Stirton (2010).

23 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. This, in turn, may decrease the importance of administrative savings as such within the larger set of arguments in favour of either policy.
However, how much of an effectively realised saving does such a scheme really amount to when the relevant administrative capacity remains in use for other essential programs? For example, an assessment of individual income may be necessary for the administration of income taxes as well as for the entitlement to social security benefits, and could therefore not be fully eliminated by the introduction of a non-means-tested basic income. Or to put it differently, the fact that basic income requires no means-testing does neither entail that means-testing itself is fully abolished throughout society, nor that existing means-testing will involve significantly less administrative cost (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 in this case too urgent reform may be needed. Neither case implies that the introduction of a basic income suddenly obviates the need for such administrative reform. To think this would be to uphold a version of the fallacy of division, where we believe that because basic income does not require the proper design (or reform) of a particular administrative capacity (such as gathering information on income through means-testing), the same is true for the whole set of tax, welfare and social assistance programs. The extent to which many of the latter are highly integrated in modern welfare states belies the point that you can make simple statements about the administrative efficiency of basic income on its own. Or to put it in more general terms, claims about the administrative savings yielded by basic income requires an analysis of the broader policy and institutional context, and outcomes could differ extensively across countries in this regard.

6. Replacing or Supplementing Income Maintenance

In the previous section we suggested administrative savings associated with basic income policies might be (significantly) less than argued by their proponents on the grounds that other essential systems – such as the tax system in the case of means-testing – may require that the very administrative capacities that a basic income is meant to save on must remain in place. In this section we discuss a related concern, tied in with the important question of whether a basic income replaces rather than supplements “traditional” forms of income and social support.

Naturally, this question has attracted vehement normative, political and even ideological debate, but in this section we are less interested in the ethical or political arguments in favour of either option\textsuperscript{24} and focus primarily on its relation with the administrative savings argument. The

\textsuperscript{24} Van Parijs (2004: 18) takes a relaxed view on this matter: “it is not part of the definition of a basic income that it is 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: 22).
problem arises when basic income is pitched at a level that is insufficient to fully cover the range of policy goals of income support and social welfare programs. Brian Barry (2001: 63) correctly maintains 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). In other words, concrete basic income schemes often need to be supplemented with traditional forms of income support, which themselves require extensive use of administration.

The administrative problem is straightforward enough and can be stated in simple terms as follows: administrative savings associated with a basic income depend on the extent to which the grant effectively replaces other, more administratively demanding policies. A universal basic income could potentially replace a myriad of selective benefits and their associated bureaucratic machinery, but only if the level of the grant was sufficiently adequate. When the most plausible variant is a partial basic income, pitched at a level that is not sufficiently adequate, this functional relationship between administrative savings and the level of a grant needs careful analysis. In the absence of such a careful analysis, those who anticipate significant administrative savings may be disappointed by actual results, since a basic income policy that retains important selective programs ultimately retains much of the administrative machinery that basic income advocates like to see disappear.

More importantly, here again a type of political dilemma manifests itself: the basic income that maximally economizes on administration may be one that is neither normatively desirable – as it may require getting rid of support programs that a basic income only imperfectly compensates for – or indeed politically feasible – where either the level of the grant would be deemed prohibitively large or else the scrapping of some programs politically unpalatable. This political dilemma seems 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.” Our political dilemma raises similar concerns in that the variant of basic income that would produce significant savings may not be the one most advocates would find acceptable, while the version they would find acceptable (a partial basic income combined with generous additional support programs) may fail to produce any genuine administrative savings.

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.”

Note that these two reasons for thinking a basic income unpalatable attract factions of opposing ideological bent.
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. Such savings could occur in two different ways. First, an unconditional basic income could aim to replace some of the most administration-heavy programs. 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). However, at best such arguments address the variable costs of administering such programmes; any fixed costs must still be borne, and in some cases these may be the larger part of a scheme’s administrative costs. Furthermore, where the introduction of a basic income is accompanied by the abolition of certain, more targeted programmes, this may generate spillover effects such as pushing some claimants of the discontinued programmes into other programmes. 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.


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). The idea is indeed simple enough: give every citizen a monthly grant without means test or work condition. But what might look like a simple idea at first rapidly becomes a reality muddled by the same sort of complexities that bedevil income support programs throughout the modern welfare state. To refer to basic income as “disarmingly simple” obfuscates important realities that come back to haunt us as soon as we move to the realm of policy implementation.27 In this section, we want to connect the various arguments presented above and outline what we believe to be the main advantages of taking administration seriously in the design and implementation of basic income. In brief, our main point is that the careful examination of the administrative efficiency thesis allows us to fully appreciate that administrative efficiency itself is an irreducibly

27 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).
political problem, as well as the many complex ways in which administration relates to hard political choices.\textsuperscript{28}

Let us start the discussion by considering an obvious counterpoint to the arguments of the previous sections. Basic income advocates may accept everything we say there and still maintain that, in an important sense, the points are moot within a strict comparative perspective. A comparative perspective makes no bold claims regarding the administrative efficiency of basic income on its own, but merely states that it will always outperform the selective programs that make up our traditional modern welfare state. By comparing the performance of basic income with that of a more selective policy, or set of programs, basic income advocates maintain a firm belief in the administrative efficiency thesis. 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 where does this leave the discussion of administrative efficiency? Why should basic income advocates 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. To put the point differently, basic income is only \textit{comparatively} efficient to the extent that we ensure its design effectively meets the administrative requirements for its efficient implementation. All that is required for this argument to go through is an awareness that basic income is not administration-free, and that \textit{some} form of administration is inevitable in the implementation of any policy, including basic income. In Section 2 we discussed some concerns related to 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 basic income advocates want; 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 “naturally” but indeed is a function of a (set of) bureaucratic implementation device(s), inevitably some level of attention to administration is warranted. Failure to make the right administrative choices has a significant impact on the efficient implementation of the proposed scheme.

A second response to the question why administration matters directly affects the comparative perspective. Recall that the administrative efficiency thesis, when regarded from a comparative perspective, does not require basic income to be as administratively efficient \textit{as it can be}\textsuperscript{29} but

\textsuperscript{28}On the relevance of hard political choices in relation to the administration of basic income see also the penultimate section of De Wispelaere and Stirton (2010).

\textsuperscript{29}There may, however, be other reasons why a basic income really \textit{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).
merely that it is more efficient that competing programs – and robustly so. But how much of a gain can we expect from basic income compared to a more selective feasible program? 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 of the problems above questions that we can make 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 ensuring full target efficiency of basic income schemes in fact requires setting up additional administrative mechanisms that selective programs may not require. Similarly, since the notion of administrative efficiency may refer to quite different goals – that may even conflict in some cases, as argued above – a situation of incomparability may arise where one program economizes on administration in one sense and another in another sense, without a clear agreed way to compare both assessments.

Next, some of the advantages claimed for basic income compared to selective programs would only hold for the paradigmatic basic income variant, and basic income advocates must beware of a slippery slope where they think that because a cognate basic income proposal – such as participation income, for instance - is more closely related to basic income than a selective program, it is therefore more likely to share in the former’s administrative advantages. We have shown elsewhere in considerable detail that this is not necessarily true (De Wispelaere and Stirton 2007).

Finally, even where we restrict ourselves to the paradigmatic basic income variant there are two cases where the efficiency differential between a universal and a selective program may be considerable less than is commonly assumed: where administrative mechanisms are regularly shared across different policies, or where basic income typically requires other selective programs to remain in place. In both cases, the bulk of savings in theory produced by replacing a selective program with a basic income do not occur in reality. All of these complications, outlined above in more detail, demonstrate the futility of talking about administrative efficiency in general terms, but moreover make it difficult to arrive at robust comparative assessments even where we intuitively agree that basic income is likely to outperform a selective program.

30 While in that case strictly speaking the claim would still hold, its value either in terms of demonstrating the ethical superiority of basic income or indeed in terms of offering strong political argument for its adoption would be considerably weakened.

31 This seemingly paradoxical claim is examined in considerable detail in De Wispelaere and Stirton (2007, 2010).

32 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
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, but on hard political choices. What is revealed in the list of complexities and limitations outlined in Sections 2 to 6 is not merely that comparing programs in terms of administrative efficiency may be difficult. In fact, the real importance of our analysis, we argue, lies in understanding the very real hard choices and associated political dilemmas that policy makers face.

The focus on administration – both in terms of requirements and associated capacities – clearly reveals ways in which the practical reality of policy implementation produces important tensions related to administrative efficiency. 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. For the practical implementer these are real concerns, and the hard choices they impose are equally real. To name but one prominent example, whether or not we go for a paradigmatic or cognate variant of basic income may be indicated by a host of different reasons of an ethical, economical, or political nature. But whatever variant we adopt, it would be a mistake to think that they perform equally well in terms of administrative efficiency.\(^{33}\)

One implication is that generalised claims about the comparative administrative efficiency of basic income must be assessed 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: the governmental resources and private intrusion senses of using bureaucracy sparingly may produce significantly 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.

Yet this option too is constrained in important ways. For administrative instability often gives way to political instability, thus directly affecting the political feasibility of basic income proposals (De Wispelaere and Stirton 2007). Suppose basic income advocates pragmatically compromise on administration and accept a variant of their scheme which in fact turns out exceedingly difficult or costly to administer. On the one hand the policy may effectively end up delivering outcomes that are deemed inadequate on normative grounds. Imagine, for instance, a basic income variant that is nominally universal but fails to include the necessary bureaucratic

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\(^{33}\) 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.

In fact, the differences can be very substantial, even to the effect of rendering some variants distinctively administratively inefficient (De Wispelaere and Stirton, 2007).
mechanism to ensure that specific vulnerable groups such as the homeless are effectively included. The failure to institute such a 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 excess administrative costs may in the longer run also erode political support. 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 conflicts that arise at the level of implementation as well as the fact that these are truly “hard” tensions requiring genuine political decision.

CONCLUSION

In this article we carefully examine the administrative efficiency thesis implicit in much contemporary thinking about basis 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.

REFERENCES

34 This is precisely what we argue to be the case for participation income in De Wispelaere and Stirton (2007).

35 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.


