The Second Marriage of Justice and Efficiency

Accentuate this. Why do basic income supporters see themselves as an "efficient" movement? The answer lies in the world of modern economics, where the idea of a universal basic income (UBI) is gaining traction.

UBI supporters argue that it addresses several key issues: it provides a safety net for those in need, it reduces administrative costs, and it can lead to increased labor force participation.

However, opponents argue that UBI would lead to decreased work incentives and potentially increase dependency on government support.

Philipp Van Parijs

Basic Income: The Second Marriage of Justice and Efficiency
I. After Curves

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Figure 13.1: The simple economics of social policy

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ARGUING FOR BASIC INCOME
2. The Economic Value of Social Policy

definitions—When Y-axes and X-axes are shifted, the graph is not correct. In these cases, the economic value of social policy is measured by the area under the curve from the minimum to the maximum income level. This area represents the total economic benefit of the social policy.

in the first frame, the area under the curve is larger than in the second frame, indicating a greater economic value of the social policy. However, in the final frame, the area under the curve is smaller, suggesting a reduced economic value.

the economist's role—In determining the economic value of social policies, economists often use complex models to estimate the impact on various economic indicators. These models are then used to inform policy decisions and evaluate the effectiveness of different social programs.

the policy's impact—a well-designed social policy can have significant economic benefits, including increased productivity, reduced poverty, and improved health outcomes. These benefits can be quantified and used to estimate the overall economic value of the policy.
In response to the social policy considered harmful even to the long-term interest of the rich, there is a widespread desire for a more equitable distribution of wealth. The traditional view is that wealth is created (or, more accurately, increased) by the actions of individuals, and that those decisions are guided by self-interest. However, the experience shows that market forces alone do not lead to an equitable distribution of wealth. The role of government, therefore, is seen as important to ensure that the benefits of economic growth are shared fairly. This is achieved through policies such as progressive taxation, social welfare programs, and public investment in education and infrastructure.

In the context of basic income, the idea is to provide a minimum level of income to all citizens, regardless of their employment status. This would address the issue of poverty and inequality, and provide a safety net for those who may fall through the cracks of the economic system. The argument is that basic income would allow people to have more control over their lives, and to make choices that are in their best interests, rather than being forced to work for minimal wages.

The concept of basic income is not without its critics, however. Some argue that it would lead to a decrease in the incentive to work, and that it would be too costly to implement. Others point out that it does not address the root causes of poverty and inequality. However, proponents argue that the benefits of basic income outweigh these concerns, and that it is a necessary step towards a more equitable society.
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Figure 13.2: The simple ethics of social policy

1. Relational position
   - Relational position
   - Emphatic relationship
   - Emphatic position
   - Emphatic relationship
   - Emphatic position

2. Income and efficiency

The figure illustrates the simple ethics of social policy with a focus on income and efficiency. The graph shows the relationship between income and efficiency, highlighting the ethical implications of social policy decisions.
JUSTICE AND EFFICIENCY

ARGUING FOR BASIC INCOME

JUSTICE IN A FREE SOCIETY

In a free society, justice means that everyone has the opportunity to participate and contribute to society. This requires that everyone has access to basic necessities, such as food, shelter, and healthcare. Basic income is a way to ensure that everyone has the means to meet these needs.

ECONOMICS OF BASIC INCOME

Basic income is not a handout, but rather a way to level the playing field. By providing everyone with a basic income, we can help to reduce poverty and inequality. This is because basic income provides everyone with the means to meet their basic needs, regardless of their income or employment status.

PUBLIC GOODS AND BASIC INCOME

Basic income is also a way to fund public goods and services. By providing everyone with a basic income, we can ensure that everyone has access to these goods and services, regardless of their income or employment status.

THE CASE FOR BASIC INCOME

Basic income is a simple and effective way to ensure that everyone has the means to meet their basic needs. It is based on the principle that everyone has the right to live a dignified life, and that the state has a responsibility to ensure that everyone has the means to do so.
5. Basic Income and Justice

Reasons behind the decision to introduce a basic income are numerous and multifaceted. The idea is to address the growing income inequality, to provide a safety net for those in need, and to stimulate economic growth by increasing consumer spending. In addition, it could lead to a reduction in the cost of poverty, as individuals would have a guaranteed income to meet basic needs. This, in turn, could reduce the burden on social services and improve overall societal well-being. The implementation of a basic income system would require careful planning and consideration of various factors, including the potential impact on employment, economic incentives, and the overall fiscal health of the country.
The economic value of basic income to two countries

![Diagram showing economic value of basic income to two countries.]

**Figure 1:** The economic value of basic income to two countries.

- **Panel A:** Expected cost of basic income in each country.
  - **Outcome:** Additional cost of basic income.
  - **Outcome:** Basic income.

- **Panel B:** Expected cost of basic income in each country.
  - **Outcome:** Additional cost of basic income.
  - **Outcome:** Basic income.

_JUSTICE AND EFFICIENCY_
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answer will be uttered is bound to be more fragile than in connection with the first argument. After all, we have tinkered with tax rates on a massive scale during the past century, but in no society have more than a small minority of citizens ever been given the real option not to work.

My aim, in any case, has not been to establish that the introduction of a basic income would have ‘economic value’ (that is, would boost average income), nor indeed that it would have ‘ethical value’ (that is, would bring us closer to a just society). My aim has been only to indicate what form this twofold case for basic income needs to take if it is to be successful. My own conviction is that in advanced industrial societies a strong claim of justice can be made, along the lines sketched above, for a sizeable basic income, and that sufficient confidence can be gained on the economic side for the proposal also to meet the second of our conditions in the near future. This confidence, however, is not independent of the first condition being met. For whether a basic income can boost flexibility (at least along the indirect, collective path delineated above), and whether it can significantly reduce the overall level of conflict, is very sensitive to whether a basic income is perceived as a fair way of distributing part of the social product. If organized workers, for example, see basic income as an outrageous racket on the fruits of their labour, the net effect on rigidity and conflict may well end up being negative.

This prompts a final methodological comment. If something like the initial conjecture of this chapter is correct, it is pointless to try to assess the political feasibility of a proposal such as this one through some direct head-counting, without looking first at the economic and ethical issues involved. But if the remarks of the previous paragraph are correct, it is also impossible to assess the key economic claims made about basic income independently of the ethical claims that are being made on its behalf. To put the matter more provocatively: the debate on basic income is one area in which there is nothing illegitimate about – duly circumscribed – wishful thinking. It is right that the conviction that a basic income is demonstrably just should influence the belief that introducing it would be efficient and, partly for this reason, the belief that it is politically feasible.

Notes

This is a slightly revised version of an article originally published in the Journal of Social Policy (January 1990), itself a thoroughly revised version of a conference paper published (in German) in Der Wirtschaftliche Wert der Sozialpolitik (ed. Georg Vobruh), Berlin: Duncker & Humblot, 1989.

I. Basic income differs from current minimum income systems in being unconditional with respect to (1) income from other sources, (2) willingness to work, and (3) household situation. Whether the grant should be strictly restricted to citizens or extended to all permanent residents, whether its level should be affected by age, by differences in housing costs, etc., are important questions, but the way they are answered does not affect the classification of a scheme as a basic income scheme.


3. See Purdy (1990) for a critique of the ‘head-counting’ approach in the context of the basic income discussion.

4. Or for the reproduction of capitalism, or for the interests of the capitalist class, etc. I discuss the methodological difficulties of Marxist theories of the state in Van Parijs (1981: sections 59–63).

5. As opposed to changes which are just unwitting drifts: I return to this point at the end of Section 3.

6. Similar curves are used by Van der Veen and Van Parijs (1986) to discuss the transition from a situation in which incomes are distributed according to contributions to one in which they are distributed according to needs.

7. This amounts to a negative income tax, restricted to those who make themselves available for work (unless they are too old, too young or disabled) and characterized by an effective rate of tax of 100 per cent on low earnings.

8. This makes the Y-curve akin to – though distinct from – the outcome of a (rather speculative) exercise in comparative statics. Unlike the latter, it does not plot the equilibrium values of Y corresponding to each value of t on the background of invariant parameters. It does not even presuppose that such values exist. The choice of some value of t may generate sizeable and endless fluctuations, the size and frequency of which are reflected in Y, the expected value of average GNP.

9. Only a variant, because demand-side effects are here also assumed to be incorporated in the curves; and also because the canon formulation assumes that the tax yield is used to finance a uniform lump-sum subsidy, i.e. a basic income as discussed below. (See, e.g., Canto, Joines and Laffer [1983] or Laffer [1984].) In this canon case, M = t.Y, and the M-curve can therefore be directly inferred from the Y-curve, without needing to know anything about the distribution of gross income.

10. Why only ‘tend to’? By maximizing per capita GNP (with a given average rate of taxation), one maximizes the tax yield available for transfers. But with a larger yield, one might be unable to achieve a higher minimum income, if the chosen tax scheme is such that the lowest post-tax incomes are lower than they would be under alternative schemes (e.g. because of a 100 per cent taxation of low earnings) and therefore require more transfers to be lifted to a given level.

11. Or perhaps as the minimum income of someone with no previous income and simultaneously the minimum income of someone with some previous income, divided by some coefficient (of more than unity) increasing (at a decreasing rate) with past income.

12. Further complications could be introduced – for example, by taking adequate account of the fact that the welfare state often proceeds through service provision rather than cash payments, or by emphasizing the distinction between