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# A Disarmingly Simple Idea? Practical Bottlenecks in Implementing a Universal Basic Income

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# A disarmingly simple idea? Practical bottlenecks in the implementation of a universal basic income

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**Abstract** This article considers the implementation of a universal basic income, a neglected area in basic income research. We identify and examine three important practical bottlenecks that may prevent a basic income scheme from attaining the universal reach desired and proclaimed by its advocates: i) maintaining a population-wide cadaster of eligible claimants ensuring full takeup; ii) instituting robust modalities of payment that reach all intended beneficiaries; and iii) designing an effective oversight mechanism in a policy context that actively opposes client monitoring. We argue that the implementation of universal basic income faces unique challenges that its proponents must consider carefully.

**Keywords** guaranteed income, universal benefit scheme, benefit administration, takeup, international

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## Introduction

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Give all citizens a modest, yet unconditional income, and let them top it up at will with income from other sources.

Philippe Van Parijs (2004, p. 7)

Much has been written in recent years about the “disarmingly simple” proposal to provide each (adult) citizen a small grant by right, irrespective of household composition, other sources of income, and participation in the labour market or a socially useful activity (Van Parijs, 1992, 2004). In the past two decades basic income has gained considerable support as an alternative to the active welfare state, with advocates claiming positive effects on income security, unemployment, social exclusion and flexibility across the life cycle among its virtues (Van Parijs, 1992; Standing, 1999, 2009; Offe, 2008). In advanced welfare states, basic income is said to resolve the dilemma between fighting unemployment and combating poverty (Van Parijs, 1996, 2004). In developing countries, too, we are witnessing a surge of interest in universal and unconditional cash transfers as instruments for securing minimum social protection (Standing, 2008). According to some commentators, basic income is even a necessary component of any policy package aimed at resolving the current economic crisis (Standing, 2011).

Discussion of basic income has concentrated largely on the ethics, economics and, more recently, the politics of universal and unconditional income maintenance schemes. By contrast, little effort has gone into considering implementation issues; an unfortunate state of affairs that we have previously challenged (De Wispelaere and Stirton, 2007, 2011a, 2011b). The reasons for this neglect of implementation issues can, in our view, be attributed to a combination of three factors: an overly restrictive conception of the nature and role of public administration as a “controlling bureaucracy” (Standing, 2002); a comparative focus in which basic income easily emerges as the natural winner in comparison with selective social assistance policies; and a conviction that basic income is administratively efficient because it does not suffer from the many deficiencies found in selective social assistance programmes.

What basic income advocates fail to see, however, is that a universal and unconditional scheme leads to a novel set of implementation challenges, or else presents familiar problems in new guises, precisely because of important differences compared to the selective policies commonly associated with the welfare state.<sup>1</sup> More specifically, this article argues that universal basic income schemes give rise to three practical “bottlenecks”:

1. The bottlenecks we examine below are concerns that arise particularly for the most radical form of a basic income as advocated by Philippe Van Parijs (1992, 1995, 1996, 2004). Elsewhere, we argue that the basic income ideal constitutes a family of cognate proposals (De Wispelaere and Stirton, 2004), and that less radical cognates face their own set of problems (De Wispelaere and Stirton, 2007, 2011a).

- maintaining a population-wide list, or “cadaster”, of eligible claimants ensuring full takeup;
- instituting robust modalities of payment that reach all intended beneficiaries;
- designing an effective oversight mechanism in a policy context that explicitly opposes client monitoring.

The notion of a bottleneck suggests seriality — i.e. a set of problems that have knock-on effects on each other and which need to be resolved in mutually compatible ways. This certainly applies to the implementation of universal basic income. For instance, the absence of a population-wide cadaster (bottleneck 1) also prohibits payment modalities from reaching all eligible beneficiaries (bottleneck 2). And while the absence of effective oversight mechanisms (bottleneck 3) does not make universal cadasters or payment modalities impossible, it nevertheless makes it very difficult for administrators to have full information about the level of universality reached in either case, or to respond swiftly to rectify error (a likely occurrence in a scheme pitched at such a massive scale).

Bottlenecks amount to serious hurdles on the path to the effective implementation of a basic income scheme, but this does not mean that such difficulties are beyond resolution. Quite on the contrary, each bottleneck may well give rise to several practical solutions, but these are neither obvious nor without cost, and require careful examination before committing to any one of them (De Wispelaere and Stirton, 2011b). Moreover, the way we dispose of any one of these bottlenecks has implications in terms of the feasibility and desirability of potential solutions to the others. In short, we view the three bottlenecks examined in this article as implementation challenges that must be jointly fulfilled for basic income to become policy reality: they are necessary conditions, not to be dismissed lightly by basic income advocates.

In the remainder of this article we first discuss the relation between universalism and target efficiency in basic income, before examining in some detail the three bottlenecks mentioned above. The purpose of this article is not to argue against the practical feasibility of basic income. Our aim instead is to outline several key implementation challenges, and to urge that proponents of this disarmingly simple idea think more seriously about the “administrative factor” in basic income (Schaffer, 1973; De Wispelaere and Stirton, 2011b). This article deliberately engages with these matters at a more general, theoretical level, leaving a more detailed, practical analysis of the surveyed problems to another occasion.

### **Universal basic income and target efficiency**

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Many welfare policies suffer from the problem of under-consumption, or non-takeup as it is often referred to in the literature (Craig, 1991). While easily dismissed as a matter of (rational) personal choice, from a policy perspective the widespread

non-takeup of entitlements to social assistance in fact amounts to a serious case of policy failure, reflecting ineffectiveness as well as injustice (van Oorschot, 1991, 1998, 2002). Poor takeup rates are typically associated with selective social assistance policies because of the complex interactions between clients and bureaucracies attempting to negotiate a labyrinthine set of rules. Key factors affecting takeup rates include knowledge, stigma, and perceptions of eligibility or need on the client side, but equally a number of crucial factors associated with a scheme's structure and its administration (van Oorschot, 1991, 1998). Reviewing the state of affairs, van Oorschot (1991, p. 20) concludes that non-takeup is more likely to occur when schemes

- have a “density” of rules and guidelines;
- contain complex rules;
- contain vague criteria of entitlement;
- contain a means test;
- are aimed at groups in society which are associated with negative prejudices;
- supplement other sources of income;
- leave the initiative to start the claiming process fully to the claimants themselves.

Selective social assistance schemes typically fit this description, with means-testing in particular having been identified as a dysfunctional policy mechanism (van Oorschot, 2002; Atkinson, 1996). But a certain threshold of non-takeup may be inherent to selective schemes for yet another reason: there are limits to how far (and how fast) bureaucratic processes and routines can accommodate constantly and rapidly changing personal and social circumstances (Goodin, 1992). For some commentators, the traditional pillars of the selective welfare state — market, state and community or family — are quite literally crumbling (Goodin, 2002; also Goodin and Rein, 2001; Offe, 2008).

Basic income claims to offer a “universal antidote” to the difficulties of selective income support, and thereby potentially offer governments a means of delivering on the evident yet hard-to-fulfil commitment to reducing the complexity of the benefits system (see Harris, 2008). There is no denying that basic income schemes, by virtue of being unconditional as well as universal, bypass many of the concerns raised above, and are able to outperform selective schemes in this regard. According to Robert Goodin (1992), this is largely so because basic income operates with fewer policy presumptions than selective social assistance schemes. Basic income proposals are “less presumptuous” in two relevant senses:

They are less presumptuous . . . [because they are] . . . 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 to whom they are aiding (Goodin, 1992, p. 195).

Basic income is said to be more universal, not merely in the sense of embracing a larger share of the total population (i.e. almost all citizens), but also in terms of

effectively capturing a larger share of the target population. Proponents thus proclaim the superior “target efficiency” of a universal basic income. The question remains, however, whether a basic income scheme indeed leads to full take-up, or whether there might be other obstacles impeding its target efficiency? Our view, in brief, is that basic income indeed faces a number of difficulties (the “bottlenecks” we refer to in the introduction) that may prevent it from achieving the universal reach both desired and proclaimed by its advocates. The purpose of this article is to survey a selective few and outline their role in basic income implementation.

At this point we should stress the importance of target efficiency for the basic income ideal.<sup>2</sup> Non-universal take-up constitutes a genuine problem for basic income, much more so than for selective schemes. We can illustrate this point by considering briefly how basic income is committed to safeguarding “substantive” (or “effective”) and not merely “nominal” universalism (De Wispelaere and Stirton, 2011a). Basic income is nominally universal when it does not impose any overt restrictions on eligibility, such that each citizen is in principle entitled to a grant. But this does not in itself ensure that every citizen ends up receiving a basic income, and in many cases those most at risk of falling through the proverbial cracks are the poor, the destitute and the socially excluded — precisely those who merit special attention in a progressive basic income (Van Parijs, 1992, 1995, 2004; Standing, 1999, 2002; Wright, 2004, 2006; Raventós, 2007; Offe, 2008). Ensuring that all citizens — particularly all the vulnerable and disadvantaged — effectively receive their entitlement to a basic income is what makes a scheme substantively universal. The philosophical justification of a progressive basic income scheme implies that take-up must be genuinely universal; from this perspective, nominal universalism risks becoming a mere “token policy”. Practically, substantive universalism constitutes a much more demanding requirement, since, as we have previously argued, “providing a universal basic income that robustly includes vulnerable and hard-to-reach social groups such as the homeless, disabled people, immigrants and many others requires positive administrative effort, not just the removal of barriers to eligibility” (De Wispelaere and Stirton, 2011a, p. 118).<sup>3</sup> We return to this point below.

Two broad concerns now arise when contemplating the practical implementation of a substantively universal basic income. First, precisely because basic income is universal, it comprises a target population that in sheer size easily

2. Strictly speaking, this is only true for a progressive basic income. Conservative variants (see Murray, 2006) could relax this condition, but in this article we restrict ourselves to the more familiar progressive proposals.

3. De Wispelaere and Stirton (2011a, 2011b) argue that devoting considerable administrative resources to ensuring the worst-off obtain their basic income affects the administrative efficiency of basic income, at least when understood as saving on the use of bureaucratic resources (budget, time, effort, operational capabilities, etc.) typically in short supply.

surpasses familiar large-scale selective policies. Compared to most social assistance programmes, this places basic income in a unique position: even a very small relative non-takeup rate may affect a sizeable absolute number of entitled individuals. This size or scale effect implies that we should not stare ourselves blind at the relative take-up rates of universal programmes (in comparison with their selective counterparts), but instead appreciate the human cost involved in terms of sheer numbers of individuals affected by non-universal take-up. Second, being universal as well as unconditional means basic income, at best, partially overlaps with existing administrative systems or operational mechanisms that make up the traditional, selective welfare state. This may make it particularly difficult to piggyback on existing systems, the way selective policies are often able to. In each case the universal nature of basic income requires careful consideration of its “administrability” (its ability to be implemented congruent with stated or implied objectives), which in turn is highly dependent on the administrative capabilities of the policy environment. In our view, such an analysis requires close examination of several practical bottlenecks, discussed in the next sections.

### **Bottleneck 1: Listing all eligible claimants**

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The first bottleneck facing the implementation of a basic income relates to one of the central tasks of welfare administration: to identify those within the population who meet eligibility criteria for a grant, and to distinguish them from those not so entitled. This administrative task consists of two components that are often wrongly assumed to produce identical outcomes. Looked at from one side, identifying beneficiaries is largely a matter of preventing those who are not eligible from entering a programme, often at great cost to those included as well as to those excluded (Danz, 2000; Herd, Mitchell and Lightman, 2005). In other words, so-called programmes of inclusion necessarily also exclude (Handler, 2003, 2004). Basic income advocates maintain that the establishment of a universal and unconditional scheme eliminates the task of excluding non-beneficiaries, and consequently basic income happily does away with the bureaucratic control apparatus geared at monitoring the compliance of beneficiaries.

By and large, this is correct.<sup>4</sup> However, eliminating restrictions does not itself solve the problem of identifying all those eligible. It is perfectly possible for a policy not to formally exclude an individual from a programme, yet fail to identify him or

4. Two important qualifications are in order. First, even the most “universal” basic income scheme will still have to exclude some people: perhaps non-citizens or non-resident citizens, or institutionalized members of society such as felony prisoners (Van Parijs, 2004). Second, the extent to which basic income programmes can effectively do away with a controlling bureaucracy depends also on whether other policies still require such an apparatus, a point often overlooked by its proponents (De Wispelaere and Stirton, 2011a).

her as a beneficiary, with obvious negative consequences on takeup. It is a serious mistake, therefore, to think that all that is required to improve the reach of a programme is to eliminate restrictions on individual eligibility. What is additionally required is a list (or “cadaster”) of all those entitled; in the case of basic income, this amounts to a list of all citizens or long-term residents of adult age. As already noted, the creation and maintenance of an accurate and reliable cadaster is central to achieving substantive coverage under any social assistance scheme. However, the more universal a social assistance scheme, the more encompassing the relevant cadaster must be, and the greater the effort required to keep it up to date and reliable. Basic income is particularly demanding in this respect because the absence of restrictions and its universal scope implies that the relevant list must cover almost the whole population. The sheer scale at which basic income operates may result in the relatively low “cadasterability” of such schemes.<sup>5</sup> Low cadasterability in turn negatively affects basic income’s target efficiency, since individuals who are not listed on the cadaster simply cannot claim their grant. While this point seems deceptively simple, the focus on removing bureaucratic barriers to access (i.e. rules and regulations determining eligibility) prevents basic income advocates from fully appreciating the administrative challenges inherent in something as “simple” as keeping an accurate list of all those entitled to receive a basic income.

Consider for a moment the practical challenges of instituting such a comprehensive list. Of course, some countries (e.g. Belgium or Spain) have robust cadasters covering the entire population in the form of a system of compulsory identity cards linked to a central database. In these cases, cadasterability poses comparatively few practical problems. However, many countries lack a suitable cadaster of beneficiaries. In such cases, a first solution would be to construct a cadaster from scratch. But this option faces two types of problems. First is the issue of cost: setting up a list from scratch will require an investment of significant proportions. The recent United Kingdom experience in attempting to set up a nationwide identity card system may give some indication of the financial costs involved. For example, a research project at the London School of Economics and Political Science gave “low”, “medium” and “high” estimates of the costs of the United Kingdom’s proposed identity card scheme at respectively GBP 10.6 billion, GBP 14.5 billion and GBP 19.2 billion over ten years, all of these estimates being much higher than the government’s own estimates of GBP 5.84 billion over ten years at 2005/2006 prices (Whitley et al., 2007). Of course, the bulk of the financial burden will arise in the start-up phase with subsequent costs of maintaining a

5. We rely here on the work of public administration scholar Christopher Hood. In his work on tax administration, Hood (1985, p. 24) defines “cadasterability” as “the property of being applicable to a readily identifiable group of taxable [in our case “creditable”] units”. The concept is equally applicable to the practical administration of benefits (De Wispelaere and Stirton, 2011b).

cadaster being significantly lower, although hardly negligible.<sup>6</sup> But if such start-up costs prove excessive, and administrators are left without the capability to effectively handle the required task, this may have a very direct impact on the political will to roll out such a scheme. It may literally cause basic income implementation to fall at the very first hurdle. A second problem arises because of the likely resistance of citizens in many countries against anything that resembles a comprehensive identity database. Here again the vigorous debate surrounding the identity cards proposal in the United Kingdom can serve as an example (6, 2005; Beynon-Davies, 2006; Whitley and Hosein, 2010).<sup>7</sup>

An alternative to building a cadaster from scratch would be to rely on less encompassing (but typically less reliable) cadasters already in place, such as voting registers or social security databases. The problem with these is that they are not nearly as universal as often assumed. Voting registers, for instance, typically exclude whole categories of people who would otherwise meet eligibility requirements for a basic income. This is especially the case in those countries that require individuals to register themselves on the electoral roll. One might objectively argue that where for many people voting is a burden — albeit a modest one — basic income registration comes with a real benefit, and therefore we can reliably expect everyone to make some effort to self-register. But this may not resolve all problems as the social policy literature offers many examples of people failing to obtain services that require little effort; information problems on precisely how to register as well as well-documented behavioural traits such as procrastination may combine to effectively exclude certain people from securing their place on the basic income cadaster. Moreover, signalling that one is not on the register is only one step in the process of maintaining a robust cadaster, and things may go wrong elsewhere in the process as a result of bureaucratic error (van Oorschot, 1991). Other lists or registers, such as those covering social security or health insurance, may be incomplete or unreliable because they are tied to selective policies affected by the low take-up problems surveyed in the previous section. Heavy reliance on such cadasters means quite literally that we would be importing the deficiencies of selective policies into basic income administration. More generally, relying on a single existing cadaster is likely to produce too many false negatives to be compatible with basic income's commitment to substantive universalism.<sup>8</sup>

6. The cheap self-regulation option — asking individuals to register themselves, perhaps online — is only a partial solution in that the cadaster must also ensure that former beneficiaries who no longer qualify are taken off the register. In addition to expatriates or prisoners, we can think primarily of the recently deceased to whom basic income entitlements may still be allocated.

7. Following the 2010 United Kingdom general election, the Conservative/Liberal Democrat government announced the ending of the national identity card scheme, apparently on civil liberties grounds, but citing also the costs of the scheme. The Identity Documents Act 2010 repealed the Identity Cards Act 2006.

8. Briefly, “false positives” refer to situations where an individual ends up in receipt of a grant, even though such a payment is not intended as part of the goals of a scheme; “false negatives” refer to the

A third possibility is to integrate multiple, overlapping cadasters: for instance, voting registers with social security or health insurance registers. But the use of overlapping cadasters implies extra bureaucratic costs (to safeguard against the possibility that citizens appearing on several lists obtain the basic income twice, for instance) and, in the end, little assurance that all eligible citizens are effectively covered. For without a single comprehensive cadaster, there is simply no way of knowing how much of the population is effectively covered by overlapping, incomplete cadasters. In other words, there is a risk of common mode failure, in which people who are not listed on one register have a high probability of not appearing on others. Here too we can plausibly assume that the most vulnerable citizens, such as the homeless, again disproportionately face the risk of falling through the cracks of the system. In so far as a progressive basic income is largely advocated with the interests of the most socially and economically vulnerable in mind, this solution would be unacceptable.

The lesson of this section is straightforward. To guarantee substantive universalism through full take-up, and in particular to ensure the most vulnerable are effectively included, basic income administration cannot rely merely on removing barriers to entitlement. Instead, basic income advocates must explicitly consider cadasterability and examine options to register all citizens in an appropriate and reliable manner. Let us end this section by emphasizing again that this bottleneck in no way invalidates the basic income proposal; it merely means the problem has to be taken seriously and solutions carefully examined with the administrative capabilities of the policy context in mind.

### **Bottleneck 2: Designing universal modalities of payment**

Much of the discussion surrounding the inclusive nature of a universal basic income is devoted to the “claiming stage”, in particular the absence of any personal or bureaucratic barriers to claiming one’s entitlement. However, when looked at from the practical perspective of rolling out a policy, this covers only part of the implementation process. At least as important is to ensure that each eligible person effectively receives the grant to which she or he is entitled. Here, again, the implementation of a basic income faces an important bottleneck that merits explicit examination: the specific modalities through which basic income will be disbursed (see De Wispelaere and Stirton, 2011b).

corresponding situation where an individual does not receive a grant, even though she or he falls within the class of persons a scheme is designed to benefit. These errors (also known as Type I and Type II errors in the literature) can arise with respect to each of the bottlenecks we have identified. Thus in the case of false negatives, a basic income may fail to reach an eligible individual due to the failure to include her or him in the relevant cadaster, through her or his inability to access the relevant payment mechanisms, or (in addition) through the failure of oversight mechanisms to correct either of these failures.

Let us begin by examining a number of practical options that have been proposed in the basic income literature. One is the use of the taxation system: several advocates propose distributing a basic income as tax deductions, refundable in cases of low tax liability. The main advantage, it is said, is ease of administration because basic income can be practically integrated into a tried-and-tested existing mechanism. Nevertheless, this option raises a number of important questions, the most obvious being how to deal with those who do not work in the formal economy, or who otherwise do not have payroll tax deductions made to their salaries. A tax-integrated reimbursement scheme may be a good option for those who are liable to pay income tax, but fails to cover those who for whatever reason fall outside of this arrangement. In other words, the intended reach of basic income typically exceeds that of the income tax system.

A second problem arises because basic income operates at the level of the individual as opposed to the household, and this again may complicate relying on the tax mechanism in any straightforward manner. Where existing tax arrangements are primarily set up to deal with households, subsuming individual household members under a single administrative category, ensuring that basic income is reimbursed to individuals specifically may require considerable operational adjustments. Pragmatically, we might imagine granting each household member an individual right to a basic income but nonetheless operationalize its disbursement through traditional household-based instruments. However, those who regard basic income as an important instrument in the fight against gender inequality are likely to object to an arrangement that, for all practical purposes, grants (male) household heads easy access to the basic income of their spouses (McKay, 2001; Zelleke, 2011). Of course, tax systems vary substantially across countries and different solutions may present themselves, but here again the universal (and individual) nature of basic income means this bottleneck requires particular attention.

The tax integration option poses a further problem that specifically affects the basic income ideal and its emphasis on protecting the vulnerable and socially disadvantaged. Most states deal with taxes, and tax reimbursements, only once a year. Thus, policy-makers must decide whether to provide the basic income on a yearly basis, after the tax calculations and relevant deductions have taken place, or whether to institute some advance payment mechanism with the basic income being (partially) clawed back through the tax system if the tax liability exceeds the grant (Van Parijs, 2004; Block, 2001, p. 87). The downside of the first option — an annual grant, disbursed after all tax liabilities are accounted for — is that it may impose significant burdens on those who have insufficient income to lead a decent life without their basic income.

Furthermore, in the annual grant format, the precise amount of net basic income one receives after tax may be uncertain. The net basic income one receives at the end of the year defies straightforward advance calculation because it must not only take

into account additional income from other sources, which could vary considerably from one year to another (particularly for those in flexible or precarious employment), but also one's overall tax liability, which again may remain uncertain until settled at the end of the tax year. It is precisely for this reason that Van Parijs (1992, 2004) argues that a basic income is practically distinct from the negative income tax proposal made famous by Milton Friedman (1962). Those living at or near the poverty line may respond to such uncertainty by deferring part of their consumption for fear of not being able to afford the expense. This not only undermines the goal of basic income security (see Standing, 2002), but also imposes constraints on the usage of one's basic income that most advocates would find intolerable: preventing use of the grant as security for a loan, for instance. While the more serious problem is that people with low incomes might defer spending on essential goods such as medicine, heat or nutrition, the opposite problem might also arise: instead of deferring consumption, some individuals might consume on credit in anticipation of receiving a substantial basic income at the end of the tax year, which then could initiate a spiralling debt problem when the expected grant does not materialize.

These arguments would strongly suggest that basic income be disbursed in small regular instalments (monthly, perhaps weekly) as opposed to larger grants once a year. As we argued elsewhere, for those living at or near the poverty line, equal monetary value simply does not imply equal practical value (De Wispelaere and Stirton, 2011b, p. 11). But the problem with this second option — a regular income stream clawed back through the tax system — is that of “churning”, the pointless shifting of resources between different accounts (Offe, 2008). Churning not only incurs high administrative costs but is also prone to error and thus contains a high potential to frustrate basic income recipients. At the margin, this may negatively impact on the target efficiency of basic income, notably with respect to those most in need of having the grant administered accurately.

A different sort of problem concerns the practicalities of receiving a grant. The case presented by advocates of basic income often relies on each person holding a bank account. Unfortunately, this cannot be taken for granted. In the United Kingdom, for example, it is estimated that in 2008/2009 some 1.14 million households, comprising 1.54 million individuals or three per cent of the overall population, had no access to a basic transactional bank account (Financial Inclusion Taskforce, 2010). Moreover, these were overwhelmingly concentrated at the lower end of the income distribution. Even where individuals and households have access to basic banking services, many — again, including many with low incomes — live in areas with no bank and have no access to a free automated teller machine (ATM). While in extreme cases this might prove an insurmountable barrier to hard-to-reach groups such as the homeless or those without adequate proof-of-address, in other cases it still amounts to a significant transaction cost (a bus fare to the nearest town

or the payment of a commission to use a local ATM). Alternative payment systems, such as the cashing of benefit cheques in a local post office, face similar limitations.<sup>9</sup>

An entirely different disbursement mechanism would be to provide every eligible individual with a basic income debit card, which would be periodically topped up by the state and which the individual can use like any normal debit card to pay for transactions or withdraw cash (Standing, 1999, p. 369). This innovative approach makes the delivery of a universal basic income to all publicly visible. In addition, it would appear to avoid at least some of the problems likely to occur with tax integration, by effectively setting up a delivery system from scratch. These are all good reasons for favouring this scheme over the tax-integrated option. However, the transaction costs mentioned above apply here too: providing a network of ATMs is costly, for instance, and service providers typically pass these costs onto customers. In the case of the basic income debit card, these costs would presumably be charged mainly to the programme's administration, but in some cases will fall directly on recipients. Setting up a separate basic income delivery system from scratch is a theoretical possibility, but is likely to be costly and inefficient, and vulnerable to such severe teething problems as could drain popular and political support from the basic income scheme.

What these insights reveal is that, with respect to this second bottleneck, basic income implementation again faces a number of controversial administrative choices. One obvious concern is that of complexity, which leads to a risk of decreased target efficiency because both administrators and claimants are more prone to make mistakes (National Audit Office, 2005), as well as rendering benefit schemes vulnerable to fraud and exploitation (Harris, 2008, p. 15). But an equally important principle is that of "redundancy", which allows for one system's failure to be "backed up" by another and thus preventing recipients from falling through the proverbial cracks.<sup>10</sup> Where single systems score well in terms of low complexity, multiple mechanisms typically score better in terms of improved redundancy. As before, what makes this problem unique for basic income policy are the twin requirements of having to cover a large target population (and thus having to avoid more instances of error or non-coverage) while simultaneously having to ensure that those who are disadvantaged in society are fully covered by the practical mechanisms.

In sum, in our view, basic income administrators must carefully examine practical solutions to the concerns pertaining to payment modalities. As before,

9. Perhaps the most promising technological advances can be found in the use of cell phones and various types of smart cards as electronic delivery systems for cash transfers. For an overview of these modalities in Africa, see Vincent and Cull (2011).

10. "Redundancy" is used here to refer to duplication and overlap in administrative systems. While, linguistically, redundancy often has negative connotations, none are intended here. In a seminal essay, Martin Landau (1969) argued that rather than a sign of waste and inefficiency, a degree of redundancy is essential to the long-term survival and reliability of administrative systems, enhancing safety, flexibility and innovation.

these concerns do not tell against the basic income proposal as such, but merely offer a challenge that must be taken seriously for the basic income proposal to make it off the drawing board.

### **Bottleneck 3: Effective oversight without monitoring**

Discussion of these two bottlenecks has shown how a radically universal scheme such as a basic income imposes increased pressure on existing implementation channels or systems. The concerns with building a robust cadaster of all eligible individuals and offering effective universal payment modalities both point at the operational difficulties of offering income security at the vast scale of a truly universal policy. The size or scale effect of basic income implies we need to rethink the operational or practical dimension of providing income support to the population at large. Equally, these bottlenecks offer a critical perspective on the argument that basic income easily bypasses situational specifics of diverse groups of claimants; pace Goodin's (1992) claims about the "less presumptuous" nature of basic income. Reflection about practicalities suggests that complexity returns at the level of implementation, a reality that basic income advocates must deal with head-on to retain their strong commitment to substantive universalism.

In this section we address a different type of bottleneck, one which arises from the common observation that the implementation of large-scale social programmes — including a basic income — is typically less-than-perfect. In both cases discussed above, imperfect implementation results in some level of non-takeup, particularly amongst the most vulnerable or disadvantaged in society.<sup>11</sup> This suggests the need for a robust oversight mechanism, an administrative process by which those who fail to receive their basic income are identified, the error is swiftly rectified, and a feedback mechanism prevents the same error from occurring again. However, as we show in this section, oversight constitutes a third bottleneck, one that is little appreciated by basic income advocates predominantly concerned with avoiding client monitoring (see Standing, 2002; also Handler, 2004; Handler and Hasenfeld, 2006).

As before, we believe the inclination of basic income advocates to rely on the mere removal of barriers as the main pathway to achieving substantive universalism is flawed: it fails to appreciate the extent of error that is part and parcel of implementation systems. There are two reasons to think basic income faces considerable difficulties regarding oversight. On the one hand, we again have the problem of scale: monitoring the effective disbursement of a grant scheme that

11. It might also result in "false positives", by paying a basic income to some who are not entitled or some entitled claimants more than once. We abstract from this concern here, although advocates should not underestimate the importance of avoiding false positives for the political resilience of basic income.

encompasses the whole population requires considerable administrative capacity and effort. Paradoxically, in this respect universal schemes may require more administrative effort than selective ones (De Wispelaere and Stirton, 2011a). On the other hand, because basic income does not imply repeated monitoring of eligibility conditions — the much-reviled client monitoring — it has lost an important instrument to cross-check whether payments are effectively received by beneficiaries (Hood, 1986, pp. 78-79; 1985, pp. 24-25).

Consider for a moment, by way of contrast, the oversight capability of a workfare programme (see De Wispelaere and Stirton, 2007). First, workfare approaches, far from dispensing with oversight, rely on extensive intervention from caseworkers. This face-to-face oversight through a variety of “bureaucratic encounters” (see Hasenfeld, Rafferty and Zald, 1987) offers an immediate channel for cross-checking actual receipt of benefits, provided the caseworkers’ role is not restricted to that of a budgetary gatekeeper. Since basic income schemes purposefully restrict client interaction with caseworkers, they cannot avail themselves of this mechanism. A second potential advantage of workfare is that the focus on training and formal employment provides a host of institutionally embedded oversight mechanisms, such as payroll systems, that allow for effective cross-checking in so far as the necessary administrative resources are kept in place. Such mechanisms enable workfare administrators to monitor the delivery of payment systems; again, an option not readily available to basic income administration. The points above are not meant to argue the case for workfare, but merely to illustrate the particular oversight bottleneck that basic income implementation faces.

The public administration literature distinguishes usefully between “police patrol” and “fire alarm” oversight mechanisms (McCubbins and Schwartz, 1984; Lupia and McCubbins, 1994). Where police patrol oversight is centralized and offers a direct approach to obtaining relevant information (e.g. through audits), fire alarm oversight establishes “a system of rules, procedures, and informal practices that enable [third parties] to examine administrative decisions [and] to seek remedies” (McCubbins and Schwartz, 1984, p. 166). The lack of institutionally-embedded mechanisms discussed in the previous paragraph affects a police patrol type of oversight, making it more difficult for basic income administrators to identify false negatives (in either cadasters or payment conduits), and possibly even responding less efficiently in rectifying the situation once such failure is identified.

This of course leaves basic income implementation with the possibility of a fire alarm type of oversight. At first sight this seems a promising avenue. The fact that basic income does not require clients to submit to any intrusive type of bureaucratic evaluation, but merely to lodge a complaint that they have not received their entitlement, certainly bodes well for increased self-regulation on behalf of clients. Nevertheless here too we should perhaps give some thought to several considerations.

First, clients will only respond “efficiently” if they fully trust administrators not to use information for other purposes. However, it may be tempting for bureaucracies to use available client information to complement information deficits across separate policy areas, with little consideration of what clients want in this regard. Here we must appreciate the variability in experience and sensitivity of populations in different countries. Belgian citizens, accustomed to featuring in all sorts of official registers are likely to respond quite pragmatically to requests to self-register, while United Kingdom citizens’ more sceptical attitudes towards official information-gathering may lead them to respond differently, even where failure to register is penalized. The efficiency of a fire alarm oversight mechanism depends critically on background conditions — such as the level of public trust in politics or bureaucracy — which vary from one case to another, making it difficult to generalize its usefulness across countries.

Second, fire alarm oversight still requires claimants to obtain relevant information and to go through the process of lodging a complaint. Even supposedly user-friendly approaches may prove too much for many recipients who may be already socially disadvantaged, such as the homeless. The solution of using technology to facilitate administrative complaints, in which many basic income proponents place their faith, may again exclude precisely this target group. Hood and Margetts (2007) caution against the belief that modern information technology offers a “technological fix” to the perennial challenges of administration. “Such a change [to the digital era] does not mean that new policy problems have appeared or old ones disappeared. Rather, they present themselves in new ways” (Hood and Margetts, 2007, p. 14). Failure to appreciate novel forms of information exclusion easily leads to a variant of the “restrictions fallacy” according to which getting rid of explicit barriers in itself ensures full access.

Third, assessing and addressing complaints requires significant administrative processing that inevitably results in time lags and backlogs, triggering difficulties similar to those discussed in relation to payment modalities. To reiterate a point made earlier, to signal that one is not on a particular list or has not received one’s entitlement is only the start of a “processing chain” resulting in rectifying an error (and, ideally, preventing its future occurrence). Signalling by fire alarm is a necessary condition for efficient oversight, but it is not sufficient. Of course, similar processing problems occur in police patrol types of oversight, but the longer the chain the more points at which the process can break down. Where police patrol oversight proceeds internally, fire alarm oversight instead “externalizes” part of the process by requiring individual clients to interface effectively with administrators.

Finally, moving away from a police patrol to a fire alarm oversight mechanism means shifting part of the administration of a basic income scheme onto the recipient. In contrast with police patrol monitoring, recipients end up bearing all the relevant inconveniences — investments in time and effort, experience of

frustration, and even delay of payment — as well as some burdens of intrusion in so far as complaints require bureaucratic checking to confirm their veracity. Where police patrol oversight implicitly entails monitoring, a fire alarm type of oversight consists of two different processes: the signalling procedure initiated by the recipient and the explicit monitoring of the veracity of the complaint by administrators. The second step reintroduces the much vilified “controlling bureaucracy”. Furthermore, effective oversight depends in large part on the solutions adopted to remedy previous bottlenecks. For instance, the administrative burden of oversight will correlate with the existence of robust cadasters or limited numbers of payment modalities, as the latter affect both the expected size of error (i.e. number of complaints) and the available instruments to monitor and correct error. Somewhat paradoxically, this means fire alarm oversight functions most effectively in cases of low or moderate error, while the situations where oversight is most valuable (because error is more common) defy the easy administration of fire alarm monitoring and require the more costly and burdensome police patrol type of monitoring.

Solutions to this third bottleneck may well exist, but again a commitment to substantive universalism requires basic income advocates to carefully think through this aspect of its implementation.

## Conclusion

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Basic income advocates customarily assume that universal and unconditional income maintenance schemes such as basic income outperform selective social assistance schemes in terms of target efficiency. Where selective schemes fail to capture all those entitled to receive a particular programme or service, universal policies do much better in large part because they remove barriers or restrictions for claiming an entitlement. In this article we argued that this standard picture is incomplete, for a radically universal and unconditional scheme such as basic income may produce its own bottlenecks preventing full take-up, thus impeding target efficiency. We briefly outlined three such bottlenecks that are vitally important when considering basic income implementation, without wanting to be exhaustive.

The existence of such bottlenecks does not invalidate the general case for basic income, but they give basic income advocates reasons to consider issues of implementation and administration more carefully. In so far as basic income is committed to granting all citizens a basic income entitlement by right, it is also committed to ensuring all effectively receive their entitlement. This philosophical commitment to substantive universalism has obvious practical connotations that require taking the bottlenecks outlined above seriously.

There exists a further reason to take seriously “the administrative factor” (Schaffer, 1973). Appropriate consideration of basic income implementation may

suggest radically different solutions to each of the bottlenecks surveyed: we have briefly considered some above, but many more undoubtedly exist. Which solution to favour in each case will depend on contextual factors — e.g. the administrative capacities of a particular country — but also on broad political factors, such as the acceptability of intrusive forms of information gathering. When implementation choices produce different effects on distinct social groups, the administration of basic income becomes a genuinely political problem. A failure to appreciate how the politics of basic income is shaped by the practical challenges discussed in this article may affect the political prospects of introducing a robust basic income.<sup>12</sup>

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12. De Wispelaere and Stirton (2011a, 2011b, forthcoming) explore the political aspects of basic income administration in more detail. We refer the interested reader to these companion pieces to the present article.

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