

SOCIAL JUSTICE THROUGH UNIVERSAL BENEFITS. INSIGHTS FROM THE DEBATES ON A UNIVERSAL BASIC INCOME

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ABSTRACT: Since the late 1990s, the reform of income transfer programmes has become a hot topic in several developing countries. Among the proposals being debated, the old idea of giving all citizens the right to an unconditional and universal "basic income" or "citizen's income" has attracted renewed attention. This paper tackles some of the main questions raised by this idea: would the introduction of such a basic income represent an improvement in terms of economic security for countries like Brazil? Would it be superior to existing targeted schemes? How should it be implemented? Even if basic income is not to be seen as magic bullet against all social problems, it is argued that it can be considered as a crucial component of any coherent strategy designed to foster social justice in developing countries. Several of its potential advantages are analyzed in some detail. However, the main purpose of this introductory paper is to give the reader an opportunity to form his own conviction.

KEY WORDS: Guaranteed income. Poverty. Inequalities. Economic security.

JUSTIÇA SOCIAL ATRAVÉS DE BENEFÍCIOS UNIVERSAIS. INSIGHTS A PARTIR DE DEBATES SOBRE UMA RENDA BÁSICA UNIVERSAL

RESUMO: Desde o final da década de 1990, as reformas dos programas de transferência de renda tornaram-se assunto controverso em diversos países em desenvolvimento. Entre as propostas em debate, uma antiga ideia que consiste em conceder a todos os cidadãos o direito a uma "renda básica" ou "renda de cidadania", incondicional e universal, tem sido objeto de atenção renovada. Este artigo aborda algumas das principais questões suscitadas por essa ideia: a introdução de tal renda básica proporcionaria uma melhoria em termos de segurança econômica em países como o Brasil? Seria superior aos esquemas focalizados em vigor? Como poderia ser implementada? Embora um programa de renda básica não deva ser visto como uma solução mágica para todos os problemas sociais, argumenta-se que um programa assim pode ser considerado componente crucial de qualquer estratégia coerente que vise a fomentar a justiça social em países em desenvolvimento. Várias das suas vantagens potenciais são analisadas aqui com algum detalhamento. Porém, o propósito principal deste artigo introdutório é dar ao leitor uma oportunidade de formar sua própria opinião sobre o assunto.

PALAVRAS-CHAVE: Renda garantida. Pobreza. Desigualdades. Segurança econômica

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Introduction

Since the late 1990, discussions on economic security have resurfaced in several developing countries. Through official reports and academic publications, but also through the massive implication of political actors and activists, innovative proposals have been debated in Southern Africa and Latin America and, to a lesser extent, in Asia. Among these proposals, the most controversial might be the idea of giving all citizens the right to an unconditional and universal "basic income".¹ It is now widely discussed in countries like South Africa, where the 11th Congress of the Basic Income Earth Network (BIEN) was held, Namibia, Argentina, and Brazil. On January 8, 2004, Brazilian President Luiz Inácio Lula da Silva sanctioned a law introducing a universal citizen's basic income for all Brazilians. As was stressed by Economist Lena Lavinas (2006, p. 103), "aside from the US state of Alaska [...] no country in the world other than Brazil - not even those where inequality is incomparably higher - has gone so far in its formal commitment to a basic income."²

Admittedly, the law is somewhat paradoxical since the text states that priority will be given to the worst-off, and that it will only be extended to the whole population should it prove financially viable. But it shows how a proposal which, at first sight, might look eccentric and radical, can inspire and motivate political actors and help to foster social justice.³

Why would basic income represent a good way to ensure economic security for all in countries like Brazil? Why would it be superior to existing targeted schemes? How should it be implemented? Several important issues are raised by this proposal, and the purpose of this introductory paper is to give the reader a few tools to get a better grasp on the discussion, and form his own conviction. From the outset, it is important to stress that I do not consider basic income as being a magic bullet. But I see it as a crucial component of any coherent strategy designed to foster social justice in developing countries.

1 An old idea

By universal basic income, I mean an income paid by a political community to all its members, on an individual basis, without means test or work requirement. This proposal

has germinated independently in the minds of many people living at different times and in different places, and it has been given various labels. In the United Kingdom, for instance, one generally refers to a "citizen's income". In many countries the expression "basic income" is used, in English but also in German (*grundeinkommen*) or Dutch (*basiskomen*). In Canada, throughout history the expression used was "guaranteed minimum income" or, more often, "guaranteed annual income", while in the US economists like James Tobin were talking of a "demogrant". In Brazil, one generally refers to a "citizen's basic income" (*Renda Básica de Cidadania*).

Such a basic income is different from current mechanisms of social assistance which provide basic economic security in a conventional sense, such as the social assistance programs implemented in most industrialized countries or schemes like the means-tested family allowance (*Bolsa Família*) in Brazil. It actually differs from these minimum income schemes in three crucial ways. Conventional schemes are always restricted to the poorest (means-test), they take into account the family situation of the recipient, and are most of the time conditional, for instance through a work requirement. This last feature means that responsibilities are closely connected to rights. For instance, recipients of the *Bolsa Família* get the benefit provided their children are attending school and receive medical assistance. (LAVINAS, 2006, p. 113). In the same vein, beneficiaries of the French minimum income (*revenu minimum d'insertion*) are supposed to sign a so-called "integration contract" with the administrative authorities, which includes an explicit reference to specific duties. Of course, in practice these requirements might be difficult to enforce, but in principle they are always embedded in conventional schemes. In contrast, a truly universal basic income is granted to all, rich and poor, on an individual basis, without any kind of formal requirement.⁴

The idea is far from being new. Since the 18th century, various thinkers have advocated the idea of equal ownership of the earth, i.e. that every human has the right to be owner of a plot of land, be it a very modest one. Thomas Paine, for instance, argued that the earth is the common property of mankind. Since some have appropriated parts of it, the neediest, those who have no property, should be compensated by an income by right of some sort. Thanks to the research of devoted historians, we now know that the English radical Thomas Spence (1750-1814) is probably the first to have regarded this idea of the earth as common property as the justification for a regular

⁴ Such a minimal definition is compatible with practical adjustments such as variation of the amount according to age (lower below 18, higher between 18 and 60, maximal above 60, for example). One should also stress the fact that most BI proponents argue that individuals with criminal record might be denied the right to a basic income, be it only temporarily, as is sometimes the case for civil and political rights.

¹ For a good illustration with regard to the basic income debate in Southern countries, see Standing and Samson (2003).
² See also Suplicy (2007).

³ Needless to say, the very same idea is also debated in Europe and North America. In the Spring of 2007, for instance, the Canadian National Anti Poverty Organization (NAPO) decided to launch a campaign on a so-called "Guaranteed Adequate Income", fitting in with a long tradition of discussion of this idea in Canada (See for instance Rob Rainer, "Rebuilding Canada's Social Safety Net: A Role for Guaranteed Income" NAPO News, Spring 2007).

income under the form of what we call today a "basic income".⁵

This line of argument has actually been used to justify the introduction of the only existing basic income, even if it was without any explicit reference to ethical issues raised by Paine and Spence. The only genuine basic income introduced to date has been implemented in the State of Alaska (USA). In the mid 1970s, Governor Jay Hammond suggested setting up a fund to ensure that the wealth generated by the exploitation of oil in the State would be preserved for future generations, but also that part of it would be redistributed among all citizens. Since implementation of the programme in 1982, every resident in Alaska has received a uniform dividend every year. This dividend almost reached 2000US\$ in 2000 (100 US\$ in 2006).⁶ In February 2004, Brazilian Senator and basic income supporter Eduardo Matarazzo Suplicy met with former Governor Jay Hammond in the framework of the Congress of the US Basic Income Guarantee network (USBIG).

Even if Alaska might seem to be a very special case, it remains interesting because of this connection with the first ethical justification of basic income, namely the idea of "common ownership of the natural resources". But it is also worth looking at because it might inspire governments in developing countries facing high poverty rates but with abundant natural resources at their disposal. Note that the Alaskan Dividend is also currently used as an example of what should be done to ensure economic security in countries facing more important challenges, like contemporary Iraq. (GLYNN, 2005). Interestingly, one of the main advocates of workfare in the US, Republican Governor of Wisconsin Tommy Thompson, has endorsed a basic income in the context of his short-lived campaign for the Republican nomination in the 2008 US Presidential election.

2 More efficient?

Would such a basic income perform better, in terms of economic security, than existing schemes like the social assistance programs implemented to date in developing countries, such as the *Bolsa Família* in Brazil? To most of us it seems quite obvious that a minimum income of the conventional type, strictly targeting the poorest and involving some kind of requirement is far more effective against poverty. After all, a basic income seems to waste valuable tax revenues by distributing equally among all what some do not need in the least.

⁵ In a pamphlet published in London in 1797, and entitled *The rights of children*. One of the other first proponents of basic income was a Belgian thinker, Joseph Charlier (1816-1896).

⁶ For further information, see <http://www.pfd.state.ak.us/>

This is the conclusion many arrive at, even the most well-meaning. For instance a French official report, published by a socialist-led government in 2000, included a whole section devoted to basic income, but rejected it for the following reason: "it makes no sense, from the perspective of economics, to give an income to everyone, since some do not need it" (BELORGEY, 2000, p. 100-111). Advocates of basic income believe that this kind of conclusions is based on a short-sighted view of poverty and on a naive conception of what constitutes the cost of an anti-poverty program. "From the perspective of economics", one could even add that basic income has been advocated by prominent economists, including several Nobel prizes.⁷

Of course it remains perfectly feasible to finance a basic income out of pure "distribution" in countries with expensive natural resources at their disposal. But most detailed scenarios for implementing a basic income imply an adjustment in the way in which the tax-and-transfer system is structured. The introduction of basic income would, for instance, go hand in hand with the suppression or reduction of some existing programs, and of several tax expenditures that creates regressive effects. In many developing countries, for instance, tax deductions are granted to well-off families that enrol their children in private schools. Hence, as is the case for similar fiscal expenditures in industrialized countries, "their value is greatest for upper-income taxpayers in higher tax brackets" (HACKER, 2002, p. 36). Such expenditures should be reduced or even suppressed if a universal basic income were to be introduced, thereby helping to simplify obscure and messy tax systems.⁸ In other scenarios, the implementation of a basic income can also be linked with an increase in *effective* marginal taxation for these higher income groups. In any case, what is important to keep in mind for the purpose of our general discussion is that it is not because both rich and poor receive a basic income that implementation of a basic income would amount to making the rich richer. The richest would have to finance, in addition to what they already finance, both their own basic income and a considerable portion of the basic income of the poorest.⁹ Needless to say, this might raise specific political difficulties in developing countries, where high-income groups have a tremendous influence in public discussions on economic reform, and might oppose any increase in taxation. Hence the necessity to demonstrate that a basic income is efficient against poverty and unemployment, and therefore to the benefit of all in the long run.

⁷ Think of James Tobin, James Meade, Herbert Simon, Jan Tinbergen and Milton Friedman.

⁸ In fiscal matters, opacity is often to the benefit of the well-off taxpayers. For a short description of the regressive and non-transparent character of Brazil's tax system, see the article by Diogo R. Coutinho in this volume.

⁹ Note that, independently of the source of funding, the marginal value of a uniform amount of money is higher for low-income groups. I am indebted to Fabio Waltenberg for this remark.

But would it really be more efficient? Some think that targeted schemes are better tools to ensure economic security. In fact the so-called industrialized "liberal countries", like the United States or the United Kingdom, rely very much on targeting: the worst-off are the target of specific anti-poverty programs. These schemes seem to follow the logic of Robin Hood: "taking from the rich to give to the poor". But when looking at comparative data, a real paradox appears: the most egalitarian countries, namely Scandinavian countries, rely heavily on universal programmes, i.e. programmes that are accessible to all, irrespective of their income, occupation or social position (e.g. universal child benefits or universal pensions). It means that in these countries the Welfare State transfers money to the poor and to the rich. And yet they perform better in terms of maximin (the Rawlsian ideal of the maximization of the minimum), i.e. in terms of reduction of inequalities and reduction of poverty. Swedish researchers have called this the paradox of redistribution (KORPI; PALME, 1998)¹⁰. There are at least two complementary ways to explain this paradox.

A) First, there are important practical difficulties implied by the very idea of targeting. To target benefits at the poor, one needs to know who is poor, and this is far from being an easy task. Most targeted programmes rely on two types of tests to get a clear picture of who is to be counted as poor: the income-test and, more broadly, the means-test. In other words, one needs to control the individual income, as well as other means such as income of other members of the household, properties, savings, etc. These controls might take some time, and more often than not the poor get access to the benefit after a few months, sometimes after years. In this sense, these schemes operate *ex post*, on the basis of a prior (even if approximate) assessment of the beneficiaries' income. But *ex post* might be too late for the poor. All universal programmes operate *ex ante*, hence ensuring real income security for all.

Furthermore, the poor do not always know what their rights are. They do not necessarily have the social capital needed to get the information that might be required to pass the tests. By contrast, it is much easier to get access to a universal programme such as a universal child benefit. In the case of the American *Earned Income Tax Credit* (EITC), for instance, a significant proportion of the working poor pay experts to fill in the forms required to pass the test. "The trouble is, getting money costs money", David Shieler (2004, p. 15) argues. Most low-wage workers "are so desperate for the check that they give up a precious \$100 or so to get everything done quickly and correctly." These kind of practical difficulties famously led Richard Titmuss, one of the most prominent experts in social policy, to argue that programmes for the poor are poor programmes.

B) The second way to explain the paradox is related to the idea of a "poverty trap".

¹⁰ See also Collard (1972)

When benefits are targeted at the poor, they generate traps. Take the example of targeted child benefits: only the poor, below a certain level of income, get the benefit. Again it might look more efficient against poverty. It is not, because this means that as soon as the recipient gets a job, as soon as he improves her income, she loses the benefit. In some cases, when different means-tested benefits are combined, access to employment means a marginal tax rate of 100% or more. People actually lose money when they get access to the labour market. If one agrees with the obvious fact that access to employment is the best way to combat poverty and ensure economic security, as well as social recognition, then something must be done against this trap.

One solution might be to have higher minimum wage, or lower benefits, even if in countries such as Brazil benefits are already very low by international standards. Among the other solutions, there is the option of transforming targeted schemes into universal schemes. When someone receives a universal benefit, he can keep when getting access to the job market. Obviously at some point one starts paying taxes and social contributions to finance it, but this will only happen *ex post*.

3. Pay the lazy?

Basic income has sometimes been presented, and is still presented, as the ideal alternative to full employment. Some criticize basic income for this very reason, because they are afraid that basic income will amount to "pay the lazy". Hence, the "Malibu Surfer" would exploit the productive workers.¹¹ But keeping in mind the "paradox of redistribution" discussed above, one can see that to have an effective right to work, an effective right to a job, it is essential to implement first the right to an income. By focusing on the unemployed, conventional schemes definitely help reduce poverty but they also create a genuine trap, because they penalize people who manage to find a job. The earnings people receive for low-qualified jobs are minor, since they lose the benefit that was given when they were unemployed.

The introduction of basic income guarantees that even a poorly paid job can provide people with a higher net income than they would have if unemployed. As people can keep the whole of their basic income, whether they work or not, their financial situation clearly improves when they have access to employment. Work really "pays". In this sense a basic income is not an alternative to full employment, but it is closer to a job subsidy which would be given to the employee, not to the employer. And this makes a tremendous difference in terms of real freedom.

¹¹ On the case of the Malibu surfer, see Van Parijs (1991).

Interestingly, it is precisely the main reason why several official reports published since the 1980s in OECD countries discuss a basic income as a serious alternative to existing programmes. The Royal Commission on the Economic Union and Development Prospects for Canada, for instance, advocated the introduction of a so-called "universal income security programme" (UISP) in 1985. In a recent interview, the head of the Commission, Donald Stovel Macdonald, argued that the main issue, during the discussions on Economic security within the Commission, was precisely the question of the "working poor", "the number of people who wanted to work but who were punished by the structure of the support system". According to Macdonald, the UISP was "representing a way for enabling the working poor in [his] constituency to work their way out to get something from a job."¹²

Of course, some on the Left counter this argument by saying that society would then actually subsidize "bad jobs", degrading jobs, jobs that actually should not exist. What most basic income supporters reply is that freedom should be given to individuals to choose for themselves what is a "bad job" and what is a "good job". Civil servants, the government, or trade unions should not decide for them what is a good and a bad job. Only workers are really able of assessing the many facets of the job they are doing, or that they are considering doing. The fact that there is no work requirement attached to basic income provides the most vulnerable with a negotiating power enabling them to refuse jobs that have no future. In other words, because it is universal, basic income functions as a subsidy for unproductive work, and because it is unconditional it does not serve as a subsidy for degrading jobs.

Basic income makes it possible to offer and accept poorly paid jobs, but since there is no requirement these will only find takers if they are sufficiently pleasant, stimulating, and formative, or offer real career prospects for other reasons, not if they are repulsive, degrading and lead nowhere. Basic income favours employment, not idleness, but not under any conditions. The idea is to improve the situation of the worst-off in different dimensions: freedom, income, as well as self-esteem, "perhaps the most important primary good" according to John Rawls.

4 Basic income in developing countries

Very few basic income supporters had anticipated the fact that this proposal would be widely discussed in the Southern hemisphere at the start of the 21st Century. Most were rather sceptical with regard to its prospects in less developed countries, and yet

¹² The interview was conducted by Patrick Tanguy in Toronto (CA) on January 11, 2001.

there are reasons to see this wide discussion as positive and promising. In the framework of this introductory paper I shall only insist on three interconnected reasons.

Firstly, a tremendous advantage of basic income over other schemes in the context of developing countries is its administrative simplicity. Conditional schemes such as the *Bolsa Família* in Brazil involve a high administrative cost. This is because it is necessary to check that conditions under which people are entitled to receive benefits are actually met: source of income, number of persons in the household, willingness to work, etc. This administrative cost might be negligible when the beneficiaries of the system represent a tiny minority of poor households, but it can quickly become prohibitive as the number of people eligible for the benefit increases, as it is the case in countries like Brazil where a big portion of the population can be considered as poor in relative and absolute terms. A universal and automatic payment like a universal basic income does not involve such a cost. One should stress again the fact that the administrative cost is directly connected to the complexity of targeted schemes. As I argued above, this complexity often represents a huge problem for poor households, since in order to access the benefit they have to take steps that many of them risk not taking or not completing, out of shame, shyness, or ignorance.

A second advantage is closely linked to the first. As soon as one starts multiplying the schemes, the categories, and the targets, one needs controls such as means - and income - tests. Consequently, a growing administrative body is needed to process the increasing amount of files, and a tremendous power is given to bureaucrats, who may determine whether the requirements are met. Unfortunately, in most developing countries this web of targeted schemes might represent a terrible opportunity for corruption.¹³ On the contrary, as soon as one starts simplifying by suppressing categories and implementing a universal scheme, one gives lower chances to corrupt civil servants. Obviously, a welfare bureaucracy will still be required, be it only to process the tax forms. And I am perfectly aware of the fact that in developing countries raising the money for financing universal programmes at the highest sustainable level will be much more difficult to achieve than in countries where the tax-and-transfer system is well-organized. One of the reasons is the fact, which should not be underestimated, that in countries like Brazil the underground economy forms a significant part of the country's economic activity. This means that if the whole system is based on the taxation of the formal economy, it might quickly collapse. But even if basic income should not be seen as a magic bullet, it might even help to solve this very problem, and hence

¹³ For detailed data on corruption, see the publications of Transparency International (<http://www.transparency.org/>)

contribute to enlarge the tax-base on which it could be funded. In order to briefly clarify this point, let me turn to a third and final reason to support a basic income in developing countries.

What has been argued above on the poverty trap is of particular importance in the case of Southern countries. Targeted programmes generate traps, since households have to stay under a properly defined poverty line in order to pass the means-test and stay entitled to the benefit. In other words, access to formal employment is *de facto* penalized as benefits are suppressed above a certain level of earnings. As has been observed in the case of the Brazilian *Bolsa Família*, this means, somewhat paradoxically, that governmental programmes as they are currently organized give strong incentives to work in the informal underground economy. Any little improvement in formal family income may condemn families to be withdrawn from the recipient's list. In this respect, a universal programme, provided there is a fair and efficient tax system, is again largely superior to targeted schemes. One remains entitled to the benefit in case of access to the *formal* labour market.

5 Transitions

Some actually agree with the main justifications of basic income, and see the tremendous potential of such a reform in developing countries, but think that alternative schemes would be better in the short-term, because of the need for "soft transitions" in social policy. Among these alternatives are a so-called "participation income" and the idea of "capital grants", which are now debated in several industrialized countries.¹⁴

5.1 A participation income

A "participation income" is proposed by British economist Anthony Atkinson (1996). According to Atkinson, the idea of a true basic income makes sense, no doubt, but it is politically unfeasible because of the "reciprocity objection". Since, as comparative data show, most people believe in the importance of reciprocity, one should link basic income with some obligation to contribute, i.e. with the idea of a "socially useful contribution" in the broad sense. The basic income should then rather be called a "participation income".

But in Atkinson's work on the topic this "broad sense" is very broad indeed. To some extent, one could even argue that almost everyone fulfils the requirement and is therefore eligible for a uniform and individual basic income. According to Atkinson,

¹⁴ Not to mention the idea of a "negative income tax".

not only those who are engaged in full- or part-time waged employment or self-employment are eligible, but also job-seekers, people who are unable to work due to sickness, work accident or disability, people who have reached retirement age, who are following an approved study program or training course, who look after children, elderly people or invalids, or people who do other "recognized forms of voluntary work".

Another problem is the fact that if the level of the "participation income" is to be significant, the introduction of such a measure has to be accompanied by the implementation of mechanisms to check whether socially useful activity is actually being performed. These could rapidly become very difficult to implement, given the intrusion into privacy required in order to check domestic activity, the perverting of the spirit of associations responsible for monitoring "volunteers" and the related administrative costs.¹⁵ What some have argued is that if the level of benefits is low, it would probably be possible to rely on presumptions or easily provided proof: young children, a certificate of registration for a study program or a document certifying regular voluntary work for an association would suffice to give access to benefits. But obviously as soon one starts doing this type of compromise, one gets much closer to a truly universal... basic income.

5.2 A capital grant

Another proposal similar to a basic income is the idea of introducing a "Stakeholder Grant" or "Capital Grant", that has also been called the "universal basic endowment". The idea amounts to giving a cash grant to everyone at the age of 18, as a lump-sum, a grant that is given once, instead of a regular payment as in the case of basic income. For instance in a proposal designed by Bruce Ackerman and Anne Alstott, the Capital Grant would approximate 80.000US\$ for every American citizen aged 18. A huge amount, needless to say.¹⁶

One could argue that such a cash grant would be more egalitarian than a basic income. If one dies at 25, one will have received the whole amount (at 18), whereas if

¹⁵ In this respect Jorgen De Wispelaere and Lindsay Stirton have shown that a Participation Income "functions poorly in terms of essential administrative tasks that any welfare scheme must perform". See De Wispelaere, Stirton (2007). Note also the André Gorz (1997, p. 142), one of the main figures of the basic income debates, has opposed a participation income on similar grounds. "The obligation to perform some unpaid activity then becomes a trap: it depreciates the value of the activity of constrained volunteers."

¹⁶ For further details, see Ackerman and Alstott (1999). Note that Hillary Rodham Clinton, currently Senator (New-York) and candidate for the Democratic nomination in the 2008 US Presidential election, has proposed that all American children receive a so-called "baby bond" of US\$5,000, that would represent a fair inheritance from the wealth created by their predecessors. See Ackerman and Alstott (2007).

one has lived in a society with a basic income, one would have received much less than the others. One counter-argument might consist in saying that such an amount is of no use when one is dead. But obviously people can spend their grant straight away, as soon as they get it, whereas in the case of a basic income they have to wait for the monthly payment. This is what is called "stake blowing".

Precisely because of the danger of stake blowing, some think that such a "Capital Grant" is less egalitarian in a more complex sense of the word, which is very much related to equality of opportunities. As argued by Philippe Van Parijs (2006, p. 204),

Lifetime opportunities are [...] powerfully affected by intellectual abilities, parental attention, school quality, social networks of various sorts, and so on. On average, those young people who are already favored along these various dimensions are precisely those who are most likely to make the best possible use of their stake.

The others might blow it, and hence should be protected by the more paternalist version of it, i.e. an unconditional basic income paid to all on a monthly basis. Exit "Capital Grant" ...¹⁷

Conclusion

In the specific case of developing countries, it makes even more sense to explore modest, but still decisive, steps to the introduction of a genuine universal basic income. In my view, the most promising transition in the case of Brazil has recently been proposed by Economist Lena Lavinas (2006, p. 103-125) and her team at the Institute of Economics of the *Universidade Federal do Rio de Janeiro*. It consists in introducing a truly universal child benefit, along the lines of the schemes already implemented in several European countries. It is not part of the purpose of this paper to detail the technical aspects of this proposal, but in the light of the arguments presented here it should be obvious why such a scheme would be superior, in terms of maximin, to the existing *Bolsa Família*. It would require less control, less bureaucracy, and would not force the poor to stay in the informal economy. But it would also represent less of a "big-bang" in the tax-and-transfer system than the direct introduction of a basic income for all.

In conclusion, I should stress again the fact that one should not see basic income as a magic bullet. Of course all Welfare States have to rely on a broad range of measures

¹⁷ And yet an official report of the French government has recently focused on the idea. See Centre d'analyse stratégique (2007).

to approach social justice, which also includes benefits in-kind, rather than in-cash, such as universal health care, free education, public housing, or targeted schemes for the disabled. Basic income advocates should also be open for compromise. In other words, even if we consider basic income as the final objective, it can be very helpful to discuss its cognates, which might inspire more modest reforms in the field of economic security, such as the one briefly outlined in this conclusion. If one thinks that social justice has something to do with real freedom and true equality, then a universal basic income certainly deserves careful examination. But as it was the case with universal suffrage before it, it is not in one day that this proposal will be transformed from a fantasy of a few eccentrics into something that is obvious for all.

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REGULAÇÃO DE SERVIÇOS PÚBLICOS E JUSTIÇA DISTRIBUTIVA: O DESAFIO DE UNIVERSALIZAÇÃO

Diogo R. Coutinho

A maior parte das análises de políticas públicas é baseada nos conceitos gêmeos de eficiência e equidade. Esses gêmeos, a eficiência é sem dúvida a criança favorita. Em geral, tem-se uma longa discussão a respeito das consequências dessas políticas quanto a aspectos relacionados à eficiência, com apenas algumas breves e informais observações sobre a equidade. (QUIGGIN, 1997).

RESUMO: Este artigo discute dois tipos de racionalidades regulatórias relacionadas à tarifação de serviços públicos. A primeira delas diz respeito à eficiência econômica e à concorrência como objetivos centrais em políticas de universalização do acesso a tais serviços públicos. A outra se baseia em mecanismos distributivos não necessariamente decorrentes da competição entre operadores privados, em um cenário pós-liberalização. Nesse contexto, o papel a ser desempenhado por fundos públicos e subsídios cruzados é discutido. O trabalho sugere ainda a importância de uma reflexão atenta a estratégias regulatórias que considerem as necessidades específicas de países em desenvolvimento.

PALAVRAS-CHAVE: Serviços públicos. Regulação. Eficiência e equidade.

PUBLIC UTILITIES REGULATION AND DISTRIBUTIVE JUSTICE: THE CHALLENGE OF UNIVERSAL SERVICE

ABSTRACT: This article discusses two types of regulatory rationales related to public utilities pricing. The first one is related to economic efficiency and competition as key-goals underpinning universal service goals. The other is based on distributive mechanisms not necessarily resulting from competition amongst private operators in a post liberalization scenario. In this context, the role to be played by public funds and crossed-subsidies is discussed. The paper also suggests that it is crucial to think carefully when it comes to choosing regulatory strategies to tackle developing countries' specific needs.

KEY WORDS: Public utilities. Regulation. Equity and efficiency.

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