# DETAILED TABLE OF CONTENTS

## PART I  BASIC INCOME AND THE PARASITISM OBJECTION

1 Basic income confronted with some popular ideas of justice  
   1.1 Introduction  
   1.2 Self-reliance  
   1.3 Reciprocity: not only the truly lazy  
   1.4 Basic income and the work ethic  
   Summary and conclusions  

2 Rawlsian justice and basic income  
   2.1 Introduction  
   2.2 Rawlsian justice  
   2.3 The principle of fair opportunity  
   2.4 The inherent bias in the difference principle  
   2.5 How to evaluate Lazy's leisure?  
   2.6 Evaluating Lazy's leisure  
   2.7 Unequal distributed wealth  
   Summary and conclusions  

3 Basic income and unemployment  
   3.1 Introduction  
   3.2 The level of the basic income  
   3.3 Hamminga's thought experiment  
   3.4 A model with dichotomous preferences  
   3.5 The equivalent model of a basic income scheme  
   3.6 (Un)employment rents  
   Summary and conclusions  
   Appendix  A model with continuous preferences  

4 Compensatory justice and basic income  
   4.1 Introduction  
   4.2 The economist's view on compensatory justice  
   4.3 The objective approach  
   4.4 The balancing approach  
   4.5 General background conditions of compensatory justice  
   4.6 Compensatory justice in a basic income scheme  
      compared to a conditional scheme  
      4.6.1 The work- and means-test  
      4.6.2 Full employment, minimum wages and  
         conditions of employment legislation  
   4.7 Compensatory justice and parasitism  
   Summary and conclusions
PART II  FOUR EXPLORATIONS IN THE ECONOMICS OF BASIC INCOME

5 An alternative route to a basic income:
The transition from conditional to unconditional social security
  5.1 Introduction 111
  5.2 Basic features of conditional and unconditional social security 112
  5.3 The impossibility theorem: A basic income is either too low
to be socially acceptable or too high to be economically feasible 114
  5.4 A partial basic income 116
  5.5 An alternative route 121
  5.6 Part-time workers 128
  5.7 A differential basic income 129
  Summary and conclusions 131

6 Why launch a basic income experiment
  6.1 Introduction 133
  6.2 What we need to know 135
  6.3 A note about the main effects 138
  6.4 Basic income versus negative income tax 142
  6.5 The New Jersey income-maintenance experiment 144
    6.5.1 The design of the New Jersey experiment 147
    6.5.2 The operations, surveys, and administration 148
  6.6 Lessons drawn from the New Jersey experiments 150
  6.7 Design of a new basic income experiment 152
  Summary and conclusions 160

7 Basic income social security in an efficiency wage economy
  7.1 Introduction 161
  7.2 Efficiency wages and social security arrangements 163
  7.3 A dual labor market with conditional social security 165
  7.4 A dual labor market with unconditional social security 169
  7.5 Conditions to be met 171
  7.6 A numerical example 173
  Summary and conclusions 176
  Appendix 178

8 Trade unions' response to basic income
  8.1 Introduction 181
  8.2 Tax level and tax internalization effects 182
  8.3 Tax level and tax internalization effects on unions' wage bargaining
    strategy under basic income social security 184
  8.4 Trade unions' response to conditional and to basic income social security 189
  8.5 Simulation results of the model 197
  Summary and conclusions 203
FIGURES

3.1 Optimal allocations of consumption and leisure 51
3.2 The price of Labour Rights and unemployment income as a function of the participation rate 56
3.3 The relationship between the tax rate, the overall participation rate and the level of basic income 63
4.1 Compensatory payments required compared to the next best alternative 77
5.1 Conditional social security with poverty trap and minimum wage, and unconditional social security 118
5.2 A partial basic income 120
5.3 Conditional social security with limited retained earnings 122
5.4 Conditional social security with maximum retained earnings 123
5.5 Tax allowance equal to the minimum wage 125
5.6 Tax allowance equal to the minimum wage with a partial basic income 126
6.1.A Income-leisure opportunity set for someone with a relatively high preference for leisure 139
6.1.B Income-leisure opportunity set for someone with a relatively low preference for leisure 139
6.2 Labour supply response with post-tax income initially on break-even level 141
6.3 Labour supply response of a full-time minimum wage worker 142
6.4 Basic income and negative income tax schemes 143
6.5 Conditional social security and unconditional social security 153
6.6 Conditional and unconditional social security for a breadwinner family 154
8.1 Optimum wage and employment benefits without tax internalization 187
8.2 Iso-union-utility curves for different values for the rate of substitution between wages and employment 190
8.3.A (Un)employment for both schemes 200
8.3.B Net income of the (un)employed under both schemes 201
8.3.C Production, profits and union utility under both schemes 202
TABLES

1.1 Support for workfare and basic income among a representative sample of the Dutch population 7
3.1 Classification of the potential labour force according to labour market status and motivation under conditional social security 48
3.2 Maximum sustainable unemployment benefits 57
3.3 Overview of the outcomes for different values of the feasible participation rate 59
6.1 The Negative-Income-Tax Plans Used in the New Jersey Experiment 147
7.1 Outcomes of the model of (un)conditional social security ($\beta_x=0.8$) 174
7.2 Conditions to be met 175
7.3 Outcomes of the model of (un)conditional social security ($\beta_x=0.5$) 175
7.4 Conditions to be met 176
8.1 Outcomes of the model for different values of the social security parameters 198