

**Juan-Francisco
Albert**

Universitat de Valencia,
Facultat d'Economia,
Departamento de Economía Aplicada,
Spain

✉ Juan.F.Albert@uv.es

The Redistribution of Freedom: Normative Analysis of the Universal Basic Income

Summary: Given the rapid structural changes that our societies are experiencing, there is an urgent need to rethink our values and reformulate the social contract. The Universal Basic Income (UBI) is gaining more relevance in academic and public debates as the best alternative for a necessary change. This paper presents an exhaustive evaluation of the UBI in its normative character with an assessment of its convenience according to different theories of social justice and concepts of freedom. It is argued that UBI can be a good tool to improve the freedom and well-being of individuals, but it is not exempt from criticism. The paper puts forward an original financing proposal through the creation of a Sovereign Wealth Fund and a new monetary policy design with the aim of minimizing these criticisms.

Keywords: Universal basic income, Freedom, Social justice poverty, Inequality.

JEL: D60, D63, E52, E64.

Acknowledgement: I would like to thank Professor Dr. José M^a Hernández Losada, the journal editor and the two anonymous reviewers for their interesting comments and suggestions.

The Universal Basic Income (UBI) is an ambitious proposal borne out of the need to make profound changes to the values and individual and community welfare of our societies. The need to rethink and redesign our social contract has been highlighted by numerous developments in recent years: the unstoppable process of digitalization, robotization and globalization; the increasingly frequent economic and financial crises that have been occurring in all countries of the globe without exception over the last decade; the growing rates of poverty and inequality in both Western and developing countries; and, more recently the arrival of a new pandemic that is sweeping across humanity and preying on those people who are most vulnerable both in terms of their physical and socioeconomic status. In this context, the tool discussed in this paper can be framed as an alternative approach, offering a fundamental framework for a new social contract with the aim of establishing a fairer, freer, and more egalitarian society.

The UBI has two special features that make it unique compared to other public assistance and benefits usually provided by the different welfare states: its universality - all members of a community are entitled to receive this public benefit simply because they are alive, and; its unconditionality - this benefit can be received without the need to work or demonstrate a willingness to work, or to prove that one has few resources or that one has been the victim of any kind of injustice. Unconditionality and universality provide a new dimension to the current role of public authorities in relation to

one of their most important functions, which is to guarantee the material subsistence of their citizens and to guarantee their freedom. The UBI is not only a tool that seeks to address situations of severe material deprivation, but also a tool that seeks to guarantee the freedom of the individual, distribute bargaining power and reformulate the economic and interpersonal relationships of individuals.

The aim of this paper is to make an evaluation in normative terms of one of the main objectives of the UBI; to increase the freedom of the individual, as well as to propose an original financing proposal through the creation of a Sovereign Wealth Fund and the monetary policies of central banks. This paper studies how this figure is integrated and how it might be received by different theories of social justice and concepts of freedom.

1. Universal Basic Income, Freedom, and Social Justice from an Egalitarian Point of View

All theories of justice have the concept of freedom at the centre of their theory. However, the concept of freedom has been historically reinterpreted and, to date, no unanimous consensus on its meaning exists. Thus, for example, for classical liberalism, freedom consists of being able to do everything that does not cause harm to others (John Stuart Mill 1869).

However, it was Isaiah Berlin who expanded this definition by distinguishing between two concepts of freedom (Isaiah Berlin 1959, pp. 72-118). On the one hand, Berlin defined “negative” freedom as the total absence of coercion by third parties. That is, individuals have the right to enjoy their lives and perform actions as they see fit without being violated by other individuals or society through its institutions as long as their actions do not seriously harm third parties. This concept of freedom is closely linked to that defended by classical liberalism. However, Berlin also states that there is a second concept of “positive” freedom that can be defined as the ability of individuals to be free and to be able to actually determine their actions. In other words, without a series of conditions that make it possible for the individual to be the master of his own actions or without having basic material needs covered, even if there is no coercion by a third party, the individual cannot be free according to this second concept of freedom. It can be argued that the UBI draws from both concepts of freedom by respecting individual freedom of life choice, but also by guaranteeing the material conditions of individuals. This section will address how the UBI fits with different theories of justice through different conceptions of freedom.

1.1 The Egalitarianism of Common Natural Property

The idea that the UBI could be a very powerful tool to reduce existing inequalities in our societies has been welcomed by egalitarian thinkers. In particular, the UBI has opened up new considerations within the egalitarianism theory of natural common property. In 1797 Thomas Paine wrote an article called “Agrarian Justice” (Thomas Paine 1797). In this article, Paine defended the idea that the owners of land and private property should pay a tax on this patrimony since these possessions belong to the community. This argument is based on the idea that in the state of nature all land is common

property. Thus, it is only fair that the community should tax the private use of land. Paine argued that the proceeds of this tax should be distributed unconditionally and universally to members of the community over the age of 21. The distribution of this universal tax throughout the community would not be for Paine a matter of solidarity or generosity, but a matter of justice. Since we are all owners of the land, we have the right to receive part of the benefits of exploitation. These rents would allow individuals in the community to be able to carry out their life plans in a more autonomous way, especially for those young people who want to live independently from their parents and start their own life project.

This original idea of Thomas Paine was also taken up by other authors years later. In the 19th century, Joseph Charlier (1848) proposed a universal and unconditional basic income similar to the one described in the previous section and financed through a land tax. Charlier advocated for the first time a basic income at the national level to be made effective with quarterly payments in the form of a “social or territorial dividend”. This income would be payable to all “indigenous” people in the country regardless of gender and age and financed by a tax on property, whether built or unbuilt. In addition, Charlier advocated that the amount received should be sufficient to guarantee the subsistence of individuals, but not more than this in order not to discourage effort. With this rent, Charlier intended to reinforce the freedom in a positive sense of the individuals of the community in order to reduce the abuse that some employers exercised on their workers. Thus, with subsistence guaranteed, workers could see their labour-bargaining conditions improved without fear of having insufficient resources to cover basic material goods.

After these first attempts to define a basic income, it was the contemporary philosopher Philippe Van Parijs who promulgated the UBI in the way it is currently debated and discussed in this paper. Philippe Van Parijs (1995) established a theory of justice within the current of egalitarianism of common property, with the UBI being the central axis of this theory of social justice. According to Van Parijs, our modern capitalist societies are societies full of unacceptable inequalities and a just society is one where there is real freedom for all in the broadest sense of the concept of freedom. For Van Parijs the distinction between negative and positive freedom is misleading and he advocates a new distinction between formal freedom and real freedom. While formal freedom refers to the security of the individual and of private property, real freedom adds to formal freedom the means and opportunity for the individual to actually make his or her own choices (Van Parijs 1995, p. 19):

“To be free consists not in not being prevented from doing what one wants to do, but in not being prevented from doing anything one might want to do.”

This second freedom, which is closely linked to Marxist thinking on capitalism and the exploitation of the worker (Karl Marx 1867, p. 342), advocates, for example, that the individual is not really free if he must accept miserable and thankless jobs in order to survive simply because he is not guaranteed the basic material conditions to subsist without it. True freedom consists in actually having the means to do what one really wants to do (Van Parijs 1995, pp. 32-33):

“Everyone has the same rights to have as much real freedom as possible, and a person is really free, rather than only formally free, to the extent that they possess means and not just the right to do what one wants to do.”

For Van Parijs a just society is one where the following three conditions are met: (i) there is a well-established structure of rights (security); (ii) a free society must be structured in such a way that each person possesses only himself; (iii) society must offer the individual the greatest possible opportunity to do what he wishes, only in this way will a truly free society be achieved (leximin opportunity). While the first two conditions correspond to classical conceptions of liberalism and were subscribed to by Locke or Nozick (Imber van Dijk 2016), it is the third condition that marks a difference from liberalism and the key piece in Van Parijs’ theory of justice. In other words, to put this in some kind of precedence, first, security has to be guaranteed, then self-ownership and, finally, opportunities according to the leximin principle - people with fewer opportunities would have as many as they could enjoy under any other socio-economic regime.

At this point, and in order to guarantee the real freedom of all individuals, Van Parijs advocates the need for an unconditional universal basic income. A basic income that gives individuals the opportunity to really decide what life they want to live. To this end, basic income should be unconditional in at least four senses (Van Parijs 1995, p. 35): (i) regardless of whether or not one works or is willing to work or not; (ii) regardless of one’s income and wealth; (iii) regardless of the country and place where one lives; (iv) regardless of the people living in the household.

According to Van Parijs, unconditionality is where the real freedom of the proposal lies. One can freely decide to offer one’s services in the labour market, generate more income, add this income to the income received from the universal basic income and increase one’s level of consumption. However, another individual may also freely choose to devote his/her life to other tasks and give up work; with the UBI everyone would have their material needs covered. No one would be forced to work to survive, work would only be a choice. Unconditionality radically differentiates this proposal from other public tools that have traditionally been applied in Western countries to reduce poverty and inequality and to offer material security in the face of possible contingencies. It should be noted that unemployment benefit policies, minimum vital income or minimum insertion income, all of which are more or less common in European welfare states, are always conditional benefits. To be eligible for this type of benefit, individuals must normally prove that they do not have sufficient income or wealth, they must agree to work when offered, they must not have a criminal record, they must be of a minimum age and/or prove that they are living independently, etc. All these conditions prevent these social benefits paid by the welfare state in many European countries from making the individual truly free in the sense that Van Parijs promulgates.

Particularly controversial and criticized is the unconditionality to work that the UBI approves: why should someone who has the necessary skills and talents, but does not wish to work and prefers to dedicate his life to contemplation enjoy a UBI financed by taxes and the efforts of others? Van Parijs (1991) justifies this criticism with a liberal anti-perfectionist argument. For Van Parijs there should be no discrimination in

the face of different alternatives and conceptions of what a good life should be. According to Van Parijs the criterion to maximize is not welfare as it occurs in other theories of justice, the criterion to maximize is freedom. As Borja Barragué (2017) explains, this implies that the perceived amount of unconditional UBI for all citizens is exactly the same. If we assume that there is no unequivocal conception of what the good life is, it makes no sense to reward effort with a higher income endowment; to reward what we can call “work ethic”. Moreover, Van Parijs argues that rewarding individuals on the basis of work is highly problematic. For one thing, it is difficult to define what can be considered work: can caring for dependents be considered work? Can volunteers cleaning beaches and forests be considered work? Can video game testers be considered work? Is an involuntary unemployed person the same as a voluntary unemployed person? Moreover, according to Van Parijs, it is not possible to compare effort through working hours: is working one hour in a coal mine the same as working one hour as an emergency doctor in the middle of a pandemic, or working the same hour travelling around the world as a tester of five-star hotels? Obviously, there are many meanings of what we can consider work, whether it is paid or unpaid by our societies, and there are different degrees of effort in the same workday, depending on the type of job performed.

However, one could object that, while respecting the principle that there are different conceptions of the good life and agreeing that effort should not be rewarded above any other preference, it is still possible to argue for a different basic income endowment, given that each individual has a different resource endowment, different capabilities and, therefore, different opportunities to be truly free. In other words, should a healthy person receive the same amount as a person born with serious health problems?

Van Parijs recognises that a basic income distributed uniformly among the members of society does not maximize the chances of the less fortunate in the genetic lottery and the distribution of internal resources. To answer this objection, Van Parijs resorts to dominated diversity (Bruce Ackerman 1980). In a simplified form, Ackerman’s criterion of dominated diversity, which is adapted by Van Parijs to include people’s talents and internal resources, holds that only through an unanimously reached agreement among the members of society is it possible to discern whether one individual’s batch of internal resources is unequivocally better than another’s and that compensation would be necessary. That is, in a world where citizen “X” is born with innate intelligence but is less physically attractive, while citizen “Y” has exceptional beauty but below-average intelligence, it would be impossible for the community to reach a consensus as to which of the two sets of internal resources unequivocally dominates the other. According to Van Parijs, given that there is a wide range of vectors related to internal resources, the chance that an individual would be dominated by all these components and deserve compensation unequivocally would be extremely unlikely. Van Parijs states that only for this group of clearly dominated individuals who have been unfortunate in their natural endowments is it possible to make an exception in relation to the amount of basic income. In this case, the solution proposed is to reduce the set amount proposed as unconditional basic income and allocate the saved funds to

compensate these clearly dominated people to the point where one member of society would prefer the endowment of resources this person has instead of their own.

Finally, it is important to note that Van Parijs considers that work is a scarce external resource, given that the rate of involuntary unemployment of the population is very high in European societies; this is especially true in Mediterranean countries such as Spain, Portugal or Greece. Even in countries with lower unemployment rates, such as the Nordic countries (Germany, Austria, the Netherlands, etc.), the rates of temporary and precarious employment in these countries are also very high, so that finding a job that we can consider decent is also complicated. With this argument and considering jobs as scarce goods that are part of the external resources of the community and that depend, among other things, on formal and informal institutions, the level of inherited technology, industrial capacity, educational level, entrepreneurial culture, etc., Van Parijs considers it fair to finance the UBI with taxes derived from taxing income generated from labour. In short, this author considers that good jobs that really provide a certain economic security and freedom to choose a life project are scarce resources that, like land, belong to the whole community. “Decent” jobs need a structure with institutional and technological factors that make them possible; they require an inherited structure that is the heritage of the whole community. Just as Paine defended the idea that the owners of land should pay a tax on this patrimony since these possessions belong to the community, for Van Parijs similarly the “owners” of good jobs should also pay a tax on the income generated.

1.2 Rawls’ Theory of Justice

As explained in the previous point, for Van Parijs a just society is one in which the members of a community enjoy the maximum possible freedom: a theory based on egalitarian liberalism and supported by common property liberalism. In this section we review how a UBI could fit into the Theory of Justice of probably the most influential political philosopher of recent years, John Rawls. In John Rawls (1971, 2001) his theory of justice based on fairness is developed.

As is well known, Rawls’ theory of justice is based on the support of the original position and the veil of ignorance. In the original position no one knows his or her talents, abilities or characteristics which demands that the members of the community reach agreements on what should be a just society without being biased by their own interests. To choose the principles of justice in the original position and being metaphorically covered with the veil of ignorance, no one knows the social class to which they belong, their level of income or wealth, their endowment of natural abilities, internal resources, their conceptions about the good or their psychological propensities. The only thing that individuals in this hypothetical original position know is that they can choose a particular conception of the good and the necessary rational principles of justice needed for it.

According to Rawls (1971 pp. 54-114), the two principles of justice that would be chosen in the original position are:

1. Each person is to have an equal right to the most extensive total system of equal basic liberties compatible with a similar system of liberty for all.

2. Social and economic inequalities are to be arranged so that they are both:
 - 2.1 to the greatest benefit of the least advantaged, consistent with the just savings principle, and
 - 2.2 attached to offices and positions open to all under conditions of fair equality of opportunity.

In the first principle of justice Rawls states that all individuals have the right to enjoy a scheme of basic freedoms such as freedom of speech, association, thought, politics etc. In the second principle, Rawls talks mainly about how economic institutions should be organised to solve the problems derived from inequality.

The remainder of this section addresses how the UBI proposed by Van Parijs fits into Rawls' theory of justice, especially the original position and the two principles of justice on which this theory of justice pivots.

According to van Dijk (2016), discerning whether a universal basic income is compatible with Rawls' theory of justice can be studied in two ways. First, one can explore whether the UBI is compatible in the original position apart from the principles of justice established by Rawls. In this sense it can be argued that choosing the difference principle advocated by Rawls implies a psychological bias towards risk aversion. An alternative to this principle could be that those individuals who do not know, in the original position, the conception of the good life that they want to pursue throughout their lives, want to maximize their opportunities by enjoying the maximum possible freedom and for this purpose choose a UBI under the terms considered in this paper. That is, in the original position with the veil of ignorance, it is possible to choose a UBI that provides real freedom in the broad sense advocated by Van Parijs, which provides the opportunity to pursue any conception of the good that one wants to consider.

Secondly, even assuming the principles chosen by Rawls in the original position, a UBI could be compatible with these two principles in different aspects. With regard to the first principle of justice raised by Rawls, there seems little discussion in this regard. There are no solid reasons to think that the implementation of the UBI restricts some of the basic freedoms raised in this first principle. In fact, on this point, both Rawls and Van Parijs agree with the liberal tradition that basic freedoms are the fundamental freedoms that must be protected in order to live in a just and free society. In fact, it can be argued that the implementation of a UBI reinforces these basic principles of freedom. From the economic sphere some studies point out that high and growing inequalities and the concentration of wealth in the hands of a few not only produce economic inequalities that are unjustifiable from any conception of egalitarian liberalism, but also that the accumulation of wealth translates into accumulation of power, also political, which erodes democracy and can restrict basic political freedoms (Emmanuel Saez and Gabriel Zucman 2019). These authors explain how the wealthiest influence political decisions. They show how these decisions made by political bodies greatly benefit the richest, especially in the fiscal and taxation arena. According to their estimates, for the first time since data has been available, in 2018 the 400 richest Americans according to Forbes paid less tax than everyone else through a regressive and unfair tax system. Implementing a UBI would help to distribute not only income and wealth more equitably, but also power among community members and limit the

ability of the wealthiest to capture political power and erode democracy and the political freedoms and rights of all citizens (Martin O'Neill and Thad Williamson 2012). Similarly, a UBI limits the possibility of economic powers abusing the most economically vulnerable through restricting their most basic freedoms by not having their basic material needs met. Therefore, it is reasonable to argue that the UBI is compatible with and, moreover, reinforces the first principle of justice put forward by Rawls.

In relation to the second part of Rawls' second principle of justice, a fair equality of opportunities, this author establishes that for there to be true equality of opportunities when it comes to accessing public positions and posts, it is not only necessary that these positions are formally open, but that everyone has the same opportunities to reach them. It is evident that in our societies there are different discriminations (gender, racial, social, economic, etc.) that mean that two people with the same talents and abilities do not have the same opportunities to access these positions. For example, people with greater economic or social capital will have greater facilities and opportunities to access the model of life they want and access these positions of public responsibility. Likewise, the simple fact of being born male or white facilitates the achievement of personal objectives, and there is unjustifiable discrimination in our societies. A UBI could reduce these discriminations by offering real freedom to individuals in the pursuit of their life goals.

Finally, Rawls' difference principle establishes that social and economic inequalities can exist as long as they benefit the most disadvantaged individuals. In turn, the most disadvantaged individuals are defined by this author as those who have a lower amount of primary goods throughout their lives (Rawls 1971, p. 440). According to Rawls himself, "perhaps the most important primary good is that of self-respect" (Rawls 1971, p. 440). According to van Dijk (2016) a UBI would improve the self-esteem and self-respect of those less fortunate in the generation of income by the market. By decoupling the income obtained away from the skills to generate income in the market, those with worse luck or fewer skills would see their own self-esteem reinforced. With the current benefits available in European countries in their welfare state configuration, such as minimum living income, unemployment benefits or minimum insertion income, there is a component of stigmatization towards the recipients. Given the existence of conditionality, the beneficiaries of these programmes are publicly exposed and may feel singled out and stigmatized by society as they are unable to generate their own income in the market and their self-esteem is diminished. The unconditional UBI avoids this public signalling and stigmatization as it is an income that is enjoyed by all, regardless of any socioeconomic circumstance. Stigmatization refers to the negative social and psychological consequences that can arise when individuals receive welfare benefits. Many traditional welfare programmes are means-tested, which means that they are only available to individuals who meet certain income or asset thresholds. This can lead to a stigma being attached to welfare recipients, as they may be perceived as "needy" or "dependent" by society. Public signalling refers to the idea that individuals may alter their behaviour in order to signal to others that they are in need of welfare benefits. For example, an individual may be less likely to take a low-paying job if doing so would make them ineligible for welfare benefits. This can lead to a vicious cycle, as individuals may be discouraged from seeking employment

due to the perceived stigma attached to welfare and the potential loss of benefits. UBI could potentially eliminate both stigmatization and public signalling by providing a guaranteed income to all citizens, regardless of their employment status or need. This could help to reduce the stigma associated with receiving welfare and encourage individuals to seek employment without fear of losing benefits. However, it should be noted that UBI would not necessarily increase self-esteem and self-respect in societies or individuals where work is not perceived exclusively as a source of income, but as a source of identity, status and dignity associated with contributing to the common good. This issue of reciprocity will be raised in more detail in the following sections.

Although Rawls may agree that the UBI and the distribution in income and wealth it implies solves the possible contingencies of individuals in the labour market, Rawls (1988) included leisure in the list of primary goods after being criticized by Richard Musgrave (1974) who considered that the difference principle incorporated a bias in favour of the lazy. By including leisure in the list of primary goods, Rawls implicitly assumes that it is not legitimate for individuals with sufficient internal resources to perform work and obtain market income not to do so simply because they prefer to devote their time to other activities and live subsidized by the rest of society. By including leisure in the index of primary goods measured as a leisure day of 24 minus the standard duration of a working day, Rawls penalizes those individuals who are not interested in working and enjoy “extra” leisure. This means that, for example, those individuals who do not work and have little income are not compensated by the difference principle because they are no longer considered as “disadvantaged” by having a higher score on the index of primary goods due to the greater leisure they enjoy. By including leisure as a primary good, therefore, the UBI is no longer as justified on the difference principle. According to Van Parijs (2014), including leisure as a primary good means introducing a bias exactly in the opposite direction to that posited by Musgrave, against those who value leisure highly. Moreover, according to Van Parijs, including leisure in the list of primary goods means that the freedom of choice of different conceptions of the good life is not respected. According to Van Parijs (1991), a universal basic income maximizes the real freedom of individuals regardless of whether they want to work or not and respects the principle of difference. On the one hand, as mentioned above, it respects all forms of conception of the good life. On the other hand, as Van Parijs suggested, jobs should be considered scarce external resources that belong in some way to the community, and it is only fair that part of the income generated from work be taxed to finance the UBI that makes the real freedom of all individuals possible.

2. Democratic Republicanism

Republicanism understands being free as not being subject to arbitrary interference (Philip Pettit 1997). According to Philip Pettit an act of interference is arbitrary if the act is only judged by the person who interferes and not by the person who is interfered with. That is, the individual is truly free if he is not subject to domination by third parties. According to Barragué (2017), the ideas that define the tradition of republican thought are:

1. The conception of personal freedom as the status of the individual who does not live under the arbitrary will or domination of others.
2. The conception, related to the previous one, of a free State as one that promotes freedom as non-domination of its citizens; and
3. The idea of “good citizenship” consisting of a vigilant (citizen) commitment to a) avoid imperium - the relations of domination coming from the State - and b) preserve at the same time the role of the State as protector against dominium - the relations of domination between agents of civil society.

According to Daniel Raventós and David Casassas (2020), property plays an essential role in the republican conception of freedom:

“What enables the enjoyment of republican freedom is property, whether personal or collective property, property being understood as protected and enduring control over a set of material and/or immaterial resources for the purpose of increasing personal independence.”

Ownership, whether individual or collective, provides the individual with bargaining power in establishing contracts and reaching agreements. For example, a worker with deficient economic resources will have no bargaining power when negotiating his labour contract with the employer and the latter could set whatever conditions he/she wishes, knowing that the worker is forced to accept any offer simply in order to survive. Therefore, in accordance with republican values, property should be more equitably distributed throughout the community. To this effect, it is important to clarify that this paper discusses democratic republicanism. Democratic republicanism differs from oligarchic republicanism in that, while the former establishes that freedom should be extended to all individuals belonging to a community having guaranteed material existence, oligarchic republicanism considers that this freedom should only be guaranteed to some male owners of some explicit forms of property.

Having established that democratic republicanism’s conception of freedom depends critically on the individuals of the community having guaranteed material independence, it is easy to derive that a UBI is a tool that republicanism views favourably. Pettit (2009) lays out the arguments for how the UBI fits into the republican vision. For Pettit, a UBI fits more into the republican framework than the utilitarian or liberalism idea because two criteria are met: the criterion of independence and the criterion of sufficiency. First, Pettit, following the republican concept of freedom, considers that one can only be free if one is guaranteed sufficient material resources. Only then can one individual not dominate the other and any explicit or implicit contractual relationship be truly fair. In this way, for example, no citizen will be forced to accept a job with miserable conditions simply because he/she needs it to survive, or will be obliged to support a third person because the latter is the one who provides him/her with the necessary sustenance to live. However, although it is true that the UBI can fulfil its mission as a tool to avoid material domination among community members, this can also be easily solved by implementing a guaranteed minimum income that provides the most disadvantaged with the necessary income. Why should we implement a UBI that is universally and unconditionally perceived by all members of the community, whether they are potentially dominated or dominated? Pettit offers five arguments to answer this question:

1. The UBI can be more politically viable and receive greater public support because it not only affects the most disadvantaged in society in terms of income, but the middle classes can also benefit from this tool.

2. The UBI avoids the stigmatization of someone having to apply for a minimum income because he/she is poor.

3. The UBI implies that all members of the community are treated equally by the state, all citizens receive the universal payment. In addition, the imposition of criteria for eligibility for alternative minimum income benefits may exert an undesirable domination of republicanism.

4. The UBI offers the institutional guarantee that all members of the community have a property. As previously commented, it is property that empowers citizens and prevents their domination.

5. The financing of the UBI through a tax mechanism towards high-income individuals does not necessarily imply a domination of the State towards these people since State interference does not cause domination if it promotes the values common to all citizens.

Although the UBI may fit with republican values in the terms described, Baragué (2017) warns of some criticisms that could disassociate the UBI from republican thought. First, as Stuart White (2003) points out, in republicanism the State has a series of obligations with respect to its citizens, but this must be reciprocal. While the powers of the state must ensure that citizens receive the fruits of the common revenue, citizens must help in the best way they know how to generate this revenue. This reciprocity fits poorly with the UBI since, as we have seen, it could discourage work by allowing all citizens to receive the income regardless of their effort and involvement in the community. On the other hand, it is not evident that the UBI is necessary for the sole purpose of avoiding domination and balancing bargaining power between parties. Any distributive policy that protects the citizen against a contingent loss of income would surely be sufficient to guarantee the republican conception of freedom. Why should income be transferred to the most fortunate in the community? The republican argument of not stigmatizing the individual may be valid, but it is not convincing. Would it not be possible to design a system of minimum income to avoid such stigmatization? Probably, yes.

3. Minimal State Liberalism

Finally, we analyse the concept of freedom defended by the liberalism of the minimal state and whether it fits with the UBI. The concept of freedom defended by this type of liberalism is basically that of negative freedom. Echoing the definition by Isaiah Berlin, Friedrich von Hayek, defender of the free market and non-interference of the State, defined negative freedom as the right to non-coercion, that is, independence from the arbitrary will of third parties. Likewise, he defines positive freedom as the possibility of acting and being able to carry out one's vital objectives with the necessary means (Friedrich A. Hayek 1976). However, Hayek states that positive freedom always conflicts with negative freedom because in order for the state to redistribute income it is necessary for it to coerce the freedom of other individuals. Therefore,

Hayek and minimal state liberalism argue that the freedom that matters is negative freedom. A society is free when individuals can do what they wish without being coerced by third parties and reach agreements with other individuals through voluntary transactions.

According to the philosopher Robert Nozick, a just society must respect these three principles (Robert Nozick 1974, p. 153):

1. The principle of ownership of one's property over oneself (self-ownership).
2. The principle of fairness in original acquisition.
3. The principle of fairness in transfers.

Nozick, starting from the original idea of John Locke, considers that individuals can appropriate those goods that do not belong to anyone. Contrary to the thought of Paine or Van Parijs, who consider that in the state of nature material goods such as land belong to the community, Nozick considers that these goods belong to no one and are appropriable to those individuals who claim them in the first place. Therefore, as long as an individual has appropriated these goods in a just manner without violence or coercion, no other individual or organisation has the right to take away those goods, or the benefits derived from them, through coercion.

Along these lines, although with notable nuances, Hayek (1960) is opposed to distributing the results obtained in the free market for the sake of justice. According to this author, markets operate in a decentralized manner and the results obtained do not correspond to any criterion of justice. According to Hayek, the defence of the free market is due to the fact that it is the system that maximizes total income, Hayek recognises that markets reward those who have some innate skills and talents, but also rewards effort or those who are fortuitous when it comes to their transactions. In other words, Hayek's defence of the free market is not because it generates the just outcome according to a conception of meritocratic justice, but rather as a practical matter, the free market generates an outcome that maximizes total output without imposing an arbitrary system of justice.

We can rightly infer without risk of error that a UBI does not fall within the liberalism of a minimal state. For example, Nozick (1974) concludes that the only interference of public authorities in the private sphere should be limited to a protective function. Starting from the state of nature formulated by Locke, a minimal state protecting the most basic rights of individuals may arise naturally to redeem potential conflicts between individuals, but nothing more. This would be the only justification for a State to be minimal where there is no room for any hint of redistribution. For Nozick, and following Locke, individuals have a series of natural rights among which are the ownership of their own body and the appropriation of the fruits of their labour and effort. Therefore, the imposition of taxes to pay for any distribution policy is nothing more than a form of slavery in which the freedom of the individual is coerced.

Even though this type of liberalism is opposed to any type of distribution, including a UBI, Hayek in one of his works argues in favour of a minimum subsistence income for those individuals who in extreme circumstances are unable to generate income in the market (Hayek 1976, pp. 53-56). However, this subsistence income proposed by Hayek is far from being an unconditional UBI. His conception of freedom is

negative freedom and state distribution can only be justified to guarantee the material subsistence of those individuals unable to guarantee it for themselves by participating in the market, but nothing more.

In this sense, and similar to the minimal state liberalism, the UBI is philosophically inconsistent with the overall tendency towards neoliberalism as the dominant ideology and policy programme imposed on most economies as a result of globalization. There are several ways in which the UBI could be seen as being inconsistent with neoliberalism, which is a political ideology that emphasizes free markets, limited government intervention, and individual responsibility. One potential inconsistency is that the UBI could be seen as a form of government intervention in the market, as it would involve the state providing a guaranteed income to all citizens. This could be seen as conflicting with the neoliberal belief in a minimal role for the state in the economy. Additionally, some critics of neoliberalism argue that it promotes a focus on individualism and self-sufficiency, and that the UBI could be seen as undermining this ideology by providing a safety net for individuals who are unable to support themselves through their own efforts. Finally, UBI could be seen as conflicting with neoliberalism's emphasis on free markets, as it could potentially distort market incentives by providing a guaranteed income regardless of an individual's efforts to earn income through work.

4. Advantages and Disadvantages of the UBI: Evaluation and Results of Pilot Experiments

4.1 Advantages

4.1.1 Advantages of the UBI

The UBI has several advantages over other welfare benefits that welfare states currently tend to provide in terms of meeting its three basic objectives: increasing the real freedom of individuals, eradicating poverty, and reducing inequalities.

Firstly, as explained at length in the previous section, the UBI aims to maximize the real freedom of citizens by being a universal and unconditional benefit and providing sufficient means to all members of the community. No matter what conception of the good life citizens have or what they want to spend their time on, all citizens will receive the public transfer unconditionally to pursue their ends in a completely free and autonomous manner, whatever these may be. In contrast to the UBI, the guaranteed minimum income benefits or minimum incomes existing today in many European countries require an active search for employment by making the benefit conditional on a conception of the good life and a well-defined activity that can be labelled as "work ethic".

Secondly, the unconditionality and universality of the UBI simplifies and reduces administrative and bureaucratic costs. It is a clear, transparent, automatic, and non-conditional public benefit, where all citizens would be involved and would not require monitoring and control by the public authorities as is the case with other current conditional benefits. All the bureaucratic and control costs of other welfare programmes would be automatically reduced.

Thirdly, the UBI is an effective tool; the implementation of a sufficient amount of UBI would mean the eradication of extreme poverty and a substantial reduction in relative poverty. Moreover, universality guarantees the immediacy of payments and does not entail the waiting time that many citizens face with other public benefits. In current assistance programmes, there is a time delay in receiving the benefit from when citizens suffer the contingency in their income, apply for the benefit, are granted it, and finally receive the income. The UBI eliminates this whole process and involves immediate and automatic monthly transfers.

Fourth, for those concerned about disincentives to work, many advocates argue that the UBI is less of a disincentive to work than other public minimum or subsistence incomes. Being unconditional, the UBI is not subject to the poverty trap. That is, the individual does not completely lose his or her incentive to seek or take a job because his or her labour income is added to the income obtained with the UBI. Normally, with other conditional cash benefits, when the individual finds a job or has a sufficient income, he or she loses the right to receive the benefit, which could discourage some individuals from actively seeking employment, preferring to collect the benefit rather than earn a similar amount of income in the labour market. The UBI avoids this conflict. Moreover, as Lucia Gorjón (2019) notes, the UBI could increase entrepreneurship and self-employment by acting as an income safety net. Similarly, it could also help increase worker training and the human capital of community members by preventing many young people from being forced to drop out of school to enter the labour market out of necessity. Moreover, citizens would not be forced to accept a job that does not match their education or desire out of necessity and could wait until they find a job they consider suitable, improving their well-being and, presumably, their productivity.

Fifth, as mentioned in the previous section, the UBI avoids the stigmatization of other welfare programmes, its universal nature does not require proof of any condition before third parties and, therefore, does not undermine the dignity of individuals.

Sixth, at present, given the lack of information, complexity, and stigmatization, among other reasons, existing welfare benefits lack a certain degree of coverage and effectiveness. The simplification, unconditionality and universality of the UBI would substantially increase the coverage of public transfers, making it an effective tool for achieving its objectives of reducing poverty and inequalities.

Seventh, the UBI can be an effective instrument for promoting and achieving gender equality. The UBI is a tool that makes it possible to increase the real freedom and bargaining power of all citizens without exception. This is especially beneficial for citizens or segments of the population that have traditionally suffered discrimination or have been subject to high dependency. Therefore, the UBI is a tool that can serve to alleviate many of the current or historical discriminations and injustices such as gender, racial, and ethnic discrimination or other inequalities.

Finally, the UBI is likely to reduce stress and improve population health levels and individual decision-making. Some studies, such as Anandi Mani et al. (2013) or Randall Akee et al. (2018), have shown how being in a situation of poverty or at risk of social exclusion significantly worsens people's health. The security and support of the UBI would reduce the stress levels of citizens by having their vital material needs covered and could improve the health of the population. In this sense, an interesting

experiment carried out by a group of psychologists (Mani et al. 2013), shows that, contrary to what is assumed by meritocratic conceptions of justice which consider that if a person finds themselves in a situation of poverty it is as a consequence of their own “bad” decisions, these psychologists show that being in a position of severe poverty is what makes those affected make bad decisions and not the other way around. In other words, individuals in extreme poverty are subjected to unusual stresses that affect their cognitive abilities and, as a result, the decisions they make under this stress are less considered and “wise” than they would be if they had their material needs met.

4.2 Criticisms of the UBI

Although the UBI offers a series of potential advantages over other types of social benefits guaranteed by the respective welfare states, it is not exempt from criticism and has been attacked from different angles and disciplines.

As analysed in the previous section, from a philosophical or normative perspective, the criticisms come from different currents of political philosophy. Thus, for example, according to Rawls, the UBI introduces a bias in favour of individuals who do not want to work in a productive and remunerated activity and are subsidised by the efforts of the rest of the members of the community.

From the point of view of some republicans, the UBI breaks the principle of reciprocity, given that the state gives an unconditional transfer to a citizen without demanding any kind of counterpart or involvement towards his or her community. Reciprocity refers to the idea that individuals have an inherent desire to contribute to society in return for the benefits they receive. Moreover, it is often simplified by the view that work is burdensome and has no function other than to generate income. However, in many societies and cultures, work is not a disutility. Work is seen as a source of identity, status and dignity associated with contributing to the common good. Some critics of the UBI argue that by providing a guaranteed income to individuals without requiring any specific contribution in return, the programme could undermine this sense of reciprocity and lead to a sense of entitlement among recipients. An alternative to the UBI could be a Job Guarantee (JG) programme. A JG programme is an economic policy in which the government guarantees to provide a job to anyone who wants one, at a wage set by the government. The goal of a JG is to provide employment and a source of income for all citizens, while also helping to stimulate the economy. A JG is typically designed to provide jobs in sectors such as public infrastructure, education, and healthcare, which are considered to be socially useful and beneficial to the community. Under a JG programme, the government serves as the “employer of last resort”, meaning that individuals who are unable to find employment in the private sector can turn to the government for work. The wages and benefits provided under a JG are intended to be sufficient to meet the basic needs of workers and their families. JG could potentially address this issue of reciprocity by providing a source of employment for individuals in exchange for the income they receive. By requiring individuals to work in order to receive the benefits of the programme, a JG could help to foster a sense of responsibility and contribute to a stronger sense of community. In addition, a JG could potentially provide other benefits beyond just an income. For example, participating in a JG could provide individuals with the opportunity to gain valuable work

experience and skills, which could improve their prospects for finding employment in the future. This could help to increase self-sufficiency and reduce the need for long-term reliance on government assistance. In this sense, community work, domestic and care work, and artistic work are understood as valuable contributions to society.

Finally, the advocates of minimal state liberalism oppose the UBI, as they oppose any kind of public redistribution, since it violates the natural rights of individuals and also violates the “negative” conception of freedom.

Apart from these criticisms formulated and discussed at length in the previous section, other critics have also argued their reservations towards this tool from a normative point of view within egalitarian currents. Thus, for example, Richard Arneson criticises the UBI and Van Parijs’ conception of real liberty justice. Richard Arneson (1992) advocates a conception of justice of opportunity that guarantees potential welfare. In other words, the author opposes theories centred on the exclusive distribution of means and defends justice based on potential outcomes. For Arneson, contrary to Dworkin, individuals are not exclusively responsible for their preferences. Individuals are in permanent contact with an environment and do not form their preferences with complete autonomy and are, therefore, not solely responsible for them. This argument leaves the door open to argue that those individuals with preferences that are difficult to satisfy - the so-called “expensive preferences” - should be compensated for this, given that they are not solely responsible for having chosen these preferences. This author raises the possibility of designing a boundary to try to calculate the degree of responsibility of an individual in relation to the formation of his preferences based on his information and knowledge processes. Arneson criticises the UBI by arguing that equalising only the distribution of means does not take into account the different capabilities of individuals to transform means into effective welfare. In other words, individuals with the same internal and external resources may obtain different outcomes based on their decisions given the heterogeneity in their abilities to transform means into good decisions. It is true that, according to Van Parijs (1995), this is not a serious problem since he argues for equality of opportunities and not equality of outcomes. However, according to Arneson, the possible bad decisions made by individuals can lead to a society full of inequalities, not solving the problem of unfair inequalities that Van Parijs intends to amend with the UBI. In fact, such decisions can be the cause of inequalities. On this point, Cristian Muñoz (2005) aligns himself with Arneson to argue that there is no real freedom if there is no capacity to exercise it with guarantees. In addition to the means, there would need to be sufficient capacity to use these means correctly, otherwise, according to these critics, there would be no real freedom.

Reaching a similar conclusion, but taking a different path, Amartya Sen (1995) criticises the UBI on the grounds that an initial endowment of means does not guarantee the success of the results, given that not all individuals have the same capacities or real possibilities. Amartya Sen, critical of the equity positions of Rawls, Dworkin and Van Parijs, argues that justice should not be based on means, but neither should it be based on outcomes. Sen focuses his theory on capabilities, an intermediate stage between the endowment of means and the transformation of these means into well-being. On the one hand, by focusing on capabilities rather than means, people with different capabilities or skills can be rewarded and treated differently and a more equal end

result is achieved. On the other hand, not focusing directly on outcomes guarantees the freedom-neutral criterion of not pursuing any particular conception of the good life. Sen's idea of justice lies in all individuals possessing a basic level of fundamental capabilities. A UBI does not guarantee that people with different internal endowments (different levels of health, intelligence, skills, etc.) will benefit equally from these means and, therefore, it would not be the tool that, by itself, would lead to a just society.

Apart from the criticisms received from a normative perspective, the UBI has also been criticised on technical or economic grounds.

One of the most common criticisms in this regard is that of its financing. Many critics argue that the financing of a UBI without eliminating or reducing the rest of the usual public spending of European welfare states - which mainly goes to items such as education or health - would involve a significant mobilisation of public funds and would be neither economically nor politically feasible. However, in order to make a rigorous estimate of the total cost of the UBI, different factors would have to be taken into account. On the one hand, it would be necessary to define the exact amount to be transferred to members of the community and from what age it would be payable. On the other hand, it would have to be decided which other public benefits would be maintained and which would be reduced or eliminated. For example, it is logical to think that other guaranteed minimum income programmes would no longer have a place with the implementation of a UBI, but the fate of other items of public expenditure is not so clear: what about unemployment benefits, pensions, dependency benefits, etc.? Even from more libertarian positions the implementation of a UBI or a negative income tax has been argued, but in exchange for monetising and privatising the rest of the public services, including health and education (Milton Friedman 1962). Which public services to abolish and which to maintain would be a necessary debate for society in order to be able to estimate the real cost of the UBI. However, it would also be important to consider the dynamic effects of this tool: would it discourage work and savings? Would it discourage consumption? Would it discourage fraud and tax evasion? Would it discourage productivity? All these dynamic effects would have an impact on tax revenues that should also be taken into account for a rigorous calculation. Finally, the simplicity of the UBI could reduce some administrative and bureaucratic costs that should also be taken into account in order to make correct estimates. With all these variants, a rigorous calculation without a clear proposal and very well-defined parameters becomes a utopia.

Another common criticism, which has already been mentioned throughout this paper, is that the UBI could discourage work. However, as already stated, this tool would be less of a disincentive to work than the rest of the welfare benefits aimed at guaranteeing minimum incomes. The UBI breaks the so-called poverty trap by allowing transfers to be added to labour income and not simply act as a substitute for it.

Another recurrent criticism is the possible "pull effect" that the implementation of this tool could create by encouraging citizens from places with higher relative poverty to migrate in search of the benefit. However, this criticism is easily refuted. Firstly, the pull effect is easily avoidable. Simply making the receipt of benefits conditional on a minimum number of years of being registered or contributing to a resident

company would limit the pull effect. On the other hand, the evidence suggests that emigration rates are not correlated with the generosity of the welfare state (Jofre-Monseny 2013). That is, those countries or regions where the welfare state tends to be more generous do not receive a greater number of immigrants.

Another possible negative effect of the UBI is that firms take advantage of the fact that workers already receive a sufficient benefit to cover their material needs to reduce wages and, in this way, reduce their labour costs. However, this possible effect does not seem very plausible, since workers that have their most basic material needs covered would see an increase in their bargaining power, and they would be able to demand wage increases; this may be especially true for low-demanding or unrewarding activities.

In line with the above critique, the implementation of a UBI could lead to less rewarding work activities - the so-called “junk jobs” - no longer being performed. This could mean that goods that are in demand or valued by society cease to be produced because there are no workers willing to do the work necessary to produce those goods or services. For example, who would be willing to work in a mine to obtain coal or other minerals? Conversely, there could be activities with low economic returns but high social returns and personal gratification that are currently not very common because they do not offer a living wage, but which would be more in demand with a guaranteed UBI. For example, it could be that many citizens would choose to spend their time doing more altruistic activities such as caring for dependents or cleaning forests, mountains, and beaches.

Another of the most common criticisms inherent to the UBI is based on the fact that it is universal: why should the rich also receive a UBI paid by all citizens? From a normative point of view, this question has already been answered in Section 2. According to Van Parijs (1991), a universal basic income is the tool that maximises the real freedom of individuals irrespective of any situation or characteristic of individuals. From an economic point of view, in order to assess the progressiveness of this tool, it is not only the expenditure made that matters, but also the financing of the measure. While it is true that all members of the community would receive the amount of the UBI, including individuals with higher incomes or wealth, it is no less true that to finance it would require a major tax reform that would require higher taxes to be paid, especially by those with higher incomes. It is very likely that, for the highest income deciles, the net benefit of implementing the UBI (income received by the UBI - taxes paid to finance it) would be negative.

Finally, a final criticism is that such a tool could substantially increase the demand for basic goods and services leading to a dangerous increase in prices and leading to episodes of unwanted high inflation. In this sense, it is true that the distribution of income from richer to poorer households that the UBI would bring about could increase domestic demand because lower incomes have a higher marginal propensity to consume - i.e. they allocate proportionally more of their income to consumption. However, in Western economies, inflation has not been a serious problem in recent years. Over the last decade, the inflation rate in the euro area has been persistently below the European Central Bank's inflation target (2%). Against this background and with forecasts pointing to lower inflation rates in the coming years, in principle, the

implementation of the UBI would not pose a worrying risk to inflation. In fact, it could serve to help achieve the target set by the respective central banks. However, it is true that the application of the UBI would stimulate aggregate demand and if the resources to satisfy that demand were not available or not available quickly enough, it could lead to undesirable temporary high inflation.

4.3 Pilot Programmes

At present, there is still no UBI programme such as the concept outlined in this paper. However, programmes with similar characteristics have been put in place in a number of locations, with interesting results.

One of the best known and pioneering is the so-called Alaska Permanent Fund. In 1982, the State of Alaska decided to distribute an annual universal dividend to all registered inhabitants of the State, except those with a criminal record of more than 12 months, through a national fund with revenues derived from oil exploitation. Although its characteristics are similar to the UBI concept presented throughout this paper, there are some differences. Among the most important of these is that the amounts received by the inhabitants are far from sufficient to cover the basic material needs of citizens (they receive an annual payment of between 1000 and 2000 dollars). Also, the revenues come only from the income gained through the exploitation of a specific asset, such as oil; no other type of property is taxed, nor is income from work used for this purpose.

Another similar programme is known as the Cherokee Indian Casino Dividend in North Carolina. Since 1997, the benefits of some casinos on tribal lands have been given to all members of the community, unconditionally. Each member of the community gets around \$5,000 per year.

Also, in 2011, Iran launched a nationwide unconditional transfer programme to compensate for the phasing out of subsidies for bread, water, electricity, heating and fuel. The government subsidised monthly payments to each household to the amount of around 30% of the average household income. This programme has since been temporarily suspended and is under discussion.

Temporary experiments have been carried out in other areas of the globe. In 2017, the Finnish government randomly selected 2,000 unemployed citizens and gave them an unconditional cheque of 560 euros every month for two years. In 2014, a non-profit organisation in Germany funded through a microfinance campaign a draw of unconditional transfers payable monthly for one year. 500 people from all over the world won, receiving around 1000 euros per month. In 2019, another non-profit organisation launched a similar project in Germany. For three years, 250 randomly selected people in Germany are receiving unconditional transfers. In 2017, a universal transfer experiment was launched in Utrecht (the Netherlands) and a number of surrounding cities with 250 recipients as part of a randomised controlled trial. Some recipients got an unconditional income of €1000 per month, while others had to do voluntary work. The aim of this experiment is to find out which form of financial assistance works best. Similar pilot programmes have been carried out in Kenya, Namibia, India and China.

In general, the results found in this type of project are that the implementation of these programmes increases the years of schooling of children, reduces stress levels,

improves the level of mental and physical health of the population, improves family reconciliation, reduces the number of crimes committed and increases, in some cases, work motivation. In terms of employment, studies do not find that the implementation of the respective programmes significantly reduces the labour supply in the short term. In some cases, it does seem to reduce the labour supply of younger people, but this is due to the fact that they extend their years of education and training. Recipients of these benefits also report greater trust in institutions and their respective communities (Damon Jones and Ioana Marinescu 2018; Djavad Salehi-Isfahani and Mohammad H. Mostafavi-Dehzoeei 2018; Olli Kangas et al. 2019).

5. Proposal of how to Finance the UBI in Western Economies

One of the major problems of the UBI, and the subject of criticism, is its financing. A tool of this magnitude would require the mobilization of a large volume of public funds and, therefore, new public revenues to finance the proposal. How should the UBI be financed in order to be both fair and effective?

In this section we propose the partial financing of a UBI in Western countries with the creation of a Sovereign Wealth Fund (SWF), also called a National Wealth Fund. The SWF could go some way towards paying for the UBI through a Social Dividend, with the revenues being generated by this publicly owned fund. This would have many advantages over other forms of financing in terms of fairness and efficiency.

An SWF is a state-owned investment entity that controls a portfolio of domestic and international financial assets with the objective of making these assets profitable. Unlike private investment funds, the profits obtained from this national fund are publicly owned and therefore belong to all members of the community. Traditionally, the capital of SWFs comes from the exploitation of raw materials, such as gas or oil (for example, Alaska, Norway, the United Arab Emirates, Singapore, etc.). Some countries with large balance of payment surpluses (countries that export more than they import) have decided to create these sovereign wealth funds to invest the excess resources they obtain from abroad in various assets.

Obviously, not all countries have the necessary productive structure to be able to run an external surplus. However, given the economic context in the recent years of low inflation and low interest rates, the SWF could raise its capital directly from newly created money issued by the respective central banks - what has been called QE for People (Roger Farmer 2017; Frances Coppola 2019; Mark Blyth and Eric Lonergan 2020).

At present, central banks conduct their traditional monetary policy by modifying official interest rates, which ultimately have an impact on the financing interest rates of households and companies. Thus, for example, if a central bank wants to stimulate the economy and increase the inflation rate, it lowers interest rates to encourage household and business spending and thus increase aggregate demand and the general price level. By reducing interest rates, central banks aim to: (i) reduce the cost of credit and encourage families and companies to take on debt in order to consume or invest; (ii) increase the disposable income of families or companies that already had a loan and thus increase their spending levels - with lower interest rates the loan they have to

repay in real terms is lower; (iii) increase the price of financial assets producing a “wealth effect”; the owners of these assets, feeling richer, tend to consume more.

Through these channels, central banks seek to control the inflation rate of the economy with the objective of enhancing stable economic growth and the economic welfare of the population. The problem is that, as described above, interest rate control does not affect all members of the community equally. Given the transmission channels described above, one might ask, what happens to individuals who have no credit, do not want to apply for a new one, and do not own any financial assets? In fact, some estimates show that the richest 10% of the world’s population owns almost 90% of the world’s total wealth. The traditional response to these questions from economic orthodoxy has been that yes, they do, all individuals benefit from central bank policy. The argument goes as follows: while it is true that by lowering interest rates the central bank directly benefits households that already have or want to take out a new loan and/or have some financial asset whose value is revalued, indirectly the control of inflation and aggregate demand provides economic stability that ends up benefitting all individuals, for example, through the creation of new jobs and/or improving the wage conditions of the working class.

In economics this is called the “spillover effect”; directly benefitting one group of the population - usually the richest - will result in the rest of the individuals benefitting from the trickle-down effect of their activities. Thus, for example, if an entrepreneur benefits from a public policy and becomes wealthier, he will invest the new money in his company, creating jobs and benefitting new workers. However, this spillover effect of monetary policy has been questioned in recent years for at least two reasons. The first is a technical issue: since 2008, official interest rates have been at their effective lower bound, i.e., central banks are operationally unable to reduce interest rates further to stimulate aggregate demand through the mechanisms described above. When the central bank reaches this limit, monetary policies that involve changing interest rates are no longer effective and other more heterodox policies are necessary (Philip Arestis and Ana-Rosa Gonzalez-Martinez 2016; Elga Bartsch et al. 2019). The second objection to this type of practice is that, while assuming that the spillover effect may end up benefitting all members of a community, this benefit is not homogeneous, i.e., some sectors benefit more than others. The literature has shown how those individuals who own financial assets - those who accumulate more wealth- have benefitted more from the expansive monetary policy applied by central banks in recent years, increasing wealth inequality (Juan Francisco Albert, Nerea Gómez-Fernández, and Carlos Ochando 2019).

Given these two objections - one of a technical nature and the other of an ethical nature - there is increasing call for a more democratic monetary policy where newly created central bank money is distributed not through banks and interest rate changes, but directly to citizens. This policy, which is gaining in followers, is popularly referred to as QE for People.

The specific SWF proposal we put forward in this paper would work as follows:

1. The central bank autonomously and independently decides the amount of newly created money it needs in order to achieve its inflation target. Maintaining

central bank independence is important, since uncontrolled money printing could have very serious effects on inflation and economic growth.

2. The central bank transfers this new money to the SWF, increasing its capital.
3. The FSI uses this money to finance the SWF.

Financing the UBI with the creation of an SWF in the manner proposed here has some advantages over the more conventional form of financing that would involve a tax reform with increases in tax rates. From a political point of view, the creation of an SWF could attract more public consensus and popularity since it does not require tax increases aimed at a segment of the population and all citizens would benefit. Certainly, from an economic point of view, a high increase in the tax burden could generate significant market failures and reduce the total surplus. The creation of the SWF would not provoke these distorting effects in the markets as long as it was done with very clear and objective criteria. From a normative point of view, the creation of an SWF could provide the UBI with a greater justification in terms of fairness by the different theories of political philosophy. However, it should be noted that this proposal would only be valid for countries or currency areas with their own sovereign currency. Given the design of the current monetary system, this would exclude, for example, dollarized economies (countries other than the US that use US dollars for transactions).

From the perspective of common property egalitarianism, there is no doubt that the benefits obtained by a public institution such as a central bank or an SWF are common resources that belong equally to all members of the community. While, according to Van Parijs, jobs are also a scarce and common resource as they are determined by an inherited socio-economic structure and, therefore, financing the UBI with a tax on labour income would be fair, it can be argued that financing the UBI with the profits obtained by a public institutional structure is even less problematic in terms of fairness by distributing resources that are directly public and common by right.

This financing system also partially resolves the criticism raised by Rawls' distributive justice. It should be recalled that, by including leisure in the list of primary goods, Rawls implicitly assumes that it is not legitimate for individuals with sufficient internal resources to obtain income from the labour market not to do so and live subsidized by the rest of society. While it is true that the financing proposed here does not solve this problem completely, the financing of the UBI through an SWF and not through taxes on labour income, assumes that the fruit of the effort and merit of other individuals is not distributed to subsidize those individuals who make the least effort to produce the total product.

Finally, from the point of view of minimal state liberalism, this system of financing could be seen as more acceptable, since it does not require much redistribution and respects freedoms to a greater degree in a "negative" sense. However, the activity of public institutions such as a central bank or an SWF would be far from the ideal of liberal justice and should be left to private initiative.

There is one important consideration that needs to be made about this proposal. During the years 2021 and 2022, inflation and interest rates rose sharply, mainly due to unusual events such as the pandemic and the war in Ukraine, which acted as two simultaneous and unexpected supply and demand shocks (in some countries such as

the USA). In this context of rising inflation, central banks would no longer have as much room to finance the SWF. However, if we take a longer-term view, and given the structural factors of the economy such as demographic change, high inequality, rising global savings, etc., it is foreseeable that both long-term interest rates and inflation will return to low levels in the near future (see e.g., Olivier Blanchard 2022). Therefore, beyond inflationary episodes in the face of unusual economic events, such as a pandemic or a war, the trend seems to indicate that we will continue to live in a world of low interest rates and that central banks will continue to need to provide additional stimulus to the economy. If this is the case, the proposal made here to finance the UBI is still valid. In any case, an SWF would serve as a complement to partially financing the UBI only in those moments when economic variables, specifically the evolution of inflation, allow it to do so.

6. Final Considerations

Our societies are undergoing profound and structural changes. Factors such as digitalization, globalization, poverty, inequalities or health and economic crises require a review of our values and preferences and provide us with a new social contract. The Universal Basic Income (UBI) is a proposal that is attracting increasingly more followers and could hold the key to solving some of the current problems by providing us with a new framework for coexistence.

Different theories of social justice have evaluated the normative nature of this proposal. From the point of view of egalitarian liberalism, there are many reasons that support the convenience of this tool. For Van Parijs, the UBI is the only possible way to have a truly just society, understood as a society where the real freedom of all individuals is maximized. However, this paper has argued throughout as to how this tool could also be shared in some of its aspects with other theories of justice, such as the one formulated by Rawls or democratic republicanism and the concept of a just society of non-domination. Despite its virtues, the UBI also suffers from several criticisms. From liberalism, which defends a minimal state, the fundamental criticism is the violation of negative liberties. However, the UBI has also been criticized from some currents of egalitarian liberalism. Rawls' criticism is based on the fact that the UBI rewards leisure as opposed to effort; other criticisms by Sen (1995) or Arneson (1992) are based on the fact that the UBI emphasizes the means but does not solve the problem of the different capacities and abilities to transform the provision into a more egalitarian result. Finally, some sectors of democratic republicanism blame the loss of reciprocity.

As has been argued, the UBI can be a necessary tool to increase the freedom of individuals and improve their welfare. Moreover, different pilot programmes implemented in several countries have shown its effectiveness. Some studies show that a UBI increases the years of schooling of minors, reduces stress levels, improves the level of mental and physical health of the population, improves family reconciliation, reduces the number of crimes committed and increases, in some cases, work motivation. Moreover, it does not show a significant effect in terms of a possible disincentive to work.

However, although it gains more and more followers every day, there are still some critics who question its validity. Almost all the criticisms received share the same rationale that comes from its financing: why should the fruits of endeavour be distributed among the members of society?

To overcome this stumbling block and ensure that this theory can attract more followers and be better viewed by various theories of political philosophy, an original idea of financing has been proposed in Section 4. The new proposal advocates the creation of a National Wealth Fund from which the necessary funds can be obtained for its financing. This fund would receive resources from the monetary policies of central banks in the exercise of their frequent activities. This system of financing would not only benefit from attracting greater public consensus but may also be accepted as fairer by many theories of political philosophy.

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