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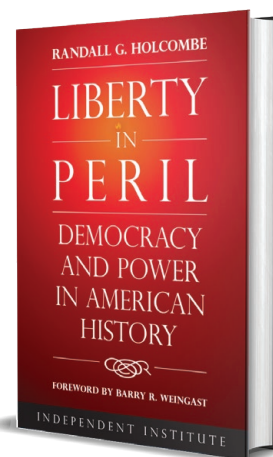
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Hayek Did Not Embrace a Universal Basic Income

— ◆ —
JUAN RAMÓN RALLO

The Austrian economist Friedrich Hayek was one of the most outstanding classical liberal thinkers of the twentieth century. After a first intellectual stage focused on the study of economics (especially until the mid-1940s), he devoted the second stage of his intellectual life to other fields of social sciences, including political philosophy. In several books, he analyzed how social institutions should be structured to safeguard individual liberty; especially notable are *The Road to Serfdom* ([1944] 2001), *The Constitution of Liberty* ([1960] 2011), and *The Political Order of a Free People* (1979), the third volume of *Law, Legislation, and Liberty*.

Unlike other classical liberal thinkers (Nozick 1974; Rothbard 1982), Hayek did not limit himself to defending political institutions that protect the private property legitimately acquired by owners, but he also embraced a wide range of political interventions, including, among other ideas, guaranteeing a minimum income to those unable to integrate into a market economy: “The assurance of a certain minimum income for everyone, or a sort of floor below which nobody need fall even when he is unable to provide for himself, appears not only to be a wholly legitimate protection against a risk common to all, but a necessary part of the Great Society in which the individual no longer has specific claims on the members of the particular small group into which he was born” (1979, 54). For this reason, many thinkers have concluded that Hayek was one of the earliest advocates of a “universal basic income.” For example, the libertarian philosopher Kevin Vallier states that “on Hayek’s view, the universal basic income is required as a condition of democratic legitimacy within the framework of a

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social contract” (2012). Also, the libertarian philosopher Matt Zwolinski says that “both Milton Friedman and Friedrich Hayek advocated for something like a Basic Income Guarantee as a proper function of government” (2013). And Andreas Bergh argues that “Hayek goes beyond the idea of income-tested support and argues for a basic income guarantee in *Law, Legislation and Liberty*” (2015, 24). The message that Hayek was a convinced advocate of a universal basic income has also caught up with the proponents of this policy: for example, Michael Lewis, Steven Pressman, and Karl Widerquist assert that “mainstream economists have also endorsed a Basic Income Guarantee (Hayek [1944] 2001; Friedman 1962; Friedman and Friedman 1980) because of its simplicity and obvious advantages in simplifying government antipoverty efforts” (2005, 589). And Allan Sheahen states that “market-oriented economists such as Milton Friedman and Friedrich A. Hayek endorsed the Negative Income Tax approach” (2012, 7).

I argue here that Hayek never advocated for a universal basic income but rather for a network of means-tested benefits. In fact, the idea of a universal basic income is inconsistent with his criticism of the “mirage of social justice,” which he denounced in the second volume of *Law, Legislation and Liberty* (Hayek 1976). To this end, the first section of the paper exposes the differences between a universal basic income and a means-tested benefits scheme; the second section analyzes exactly what Hayek said throughout his work in order to show that he ascribed to a means-tested benefits scheme; and the final section discusses why Hayek could never have defended a universal basic income in a manner consistent with his critique of social justice.

Universal Basic Income versus Means-Tested Benefits

A universal basic income or basic-income guarantee is generally understood as “an income paid by a political community to all its members on an individual basis, without means test or work requirement” (Van Parijs 2004, 8). The two fundamental aspects that distinguish a basic-income proposal from other governmental income-redistribution schemes are “universality” and “unconditionality” (Barry 1996). “Universality” means that every single permanent resident in a political community is entitled to receive that basic income irrespective of income level (i.e., no means test); “unconditionality” means that the collection of this basic income is not subject to any type of requirement (paradigmatically, willingness to work). In other words, basic income is received by everyone without any kind of condition. It is a right that is granted to a person by the mere fact of being a citizen (Raventós 2007, 10).

We may better understand the distinguishing features of the universal basic income by comparing it to other similar welfare programs according to their universality and unconditionality (table 1).

Unemployment subsidies (3) are universal (every citizen is entitled to them irrespective of his or her income level), but certain conditions must be met to collect them (willingness to work); old-age insurance benefits (4) are universal, but certain conditions must be met to collect them (being fully insured under the Social Security

Table 1

		Unconditionality (i.e., no willingness to work needed)	
		Yes	No
Universality (no means-test)	Yes	1. Basic income 2. Negative Income Tax	3. Unemployment benefits 4. Old-age insurance benefits
	No	5. Medicaid 6. Child tax credit	7. Earned income tax credit 8. Minimum guaranteed income

Based on Raventós (2007, 152).

system); Medicaid (5) is not universal (it is a means-tested program), but work-requirement conditions generally do not exist for it; the child tax credit (6) is not universal (it is a means-tested program), but it is not associated with any work requirement; the earned-income tax credit (7) is not universal (there are certain thresholds of income after which it phases out), and only those who are currently employed are allowed to collect it; minimum guaranteed income (8) is a means-tested income, which is, moreover, subject to a willingness-to-work condition (as we will later see, this is the type of income transfer that Hayek advocated).

Contrary to all the previous schemes (Hoynes and Rothstein 2019), a universal basic income (1) is both universal (everyone gets it irrespective of his or her income) and unconditional (its collection is not subject to any requirement). Furthermore, a universal basic income can be instrumented as a refundable allowance within the income tax structure, in which case we can speak of it as a negative income tax (2). The negative income tax entails a *universal* income tax allowance (every citizen is entitled to that tax allowance irrespective of his or her income), which is, moreover, not dependent on any economic requirement (even voluntarily inactive people also collect it); it is just a type of universal basic income. Basic income is a universal gross transfer of money before taxes (you collect the basic-income check first and then pay your tax liability afterward), whereas the negative income tax is a universal net transfer of money after taxes (you eventually collect the net difference between the basic income and your tax liability). Milton Friedman, one of the most prominent advocates of the negative income tax, recognized this equivalence and explicitly embraced the universal basic income: “A basic or citizen’s income is not an alternative to a negative income tax. It is simply another way to introduce a negative income tax if it is accompanied with a positive income tax with no exemption. A basic income of a thousand units with a 20 percent rate on earned income is equivalent to a negative income tax with an exemption of five thousand units and a 20 percent rate below and above five thousand units” (2000; see also Friedman 1962, chap. 12).

Basic income is consequently opposed to any welfare program that is not universal or unconditional. Means-tested benefits are not a type of basic income because only

those individuals who are below a certain threshold of income (nonuniversality) and normally who are also unable to find a job (conditionality) are entitled to receive them. Actually, advocates of a universal basic-income plan explicitly reject the identification between their proposal and means-tested benefits: “A basic income scheme, instead, operates *ex ante*, irrespective of any income test. The benefit is given in full to those whose income exceeds the stipulated minimum no less than to those whose income falls short of it. . . . Being unconditional, a basic income sharply contrasts with these forms of guaranteed income intimately linked to guaranteed employment” (Van Parijs 2004, 13).

In short, means-tested benefits are neither universal nor unconditional. Their purpose is radically different from the aim of basic income: they are not instituted as a right of citizenship but as a right to receive temporary assistance from the government while one is unable to provide for oneself.

Hayek’s Defense of a Means-Tested Benefits Scheme

Hayek never spoke explicitly about a universal basic income. He employed the term *minimum income* to refer to the political proposal that so many authors have (wrongly) associated with a universal basic income. In this sense, the first time the Austrian economist spoke about his proposal was in *The Road to Serfdom*: “There can be no doubt that some minimum of food, shelter and clothing, sufficient to preserve health and the capacity to work, can be assured to everybody. Indeed, for a considerable part of the population of this country this sort of security has long been achieved” ([1944] 2001, 124–25). In these sentences, it is not clear whether Hayek believed that his minimum-income proposal should be universal or not. On the one hand, the Austrian economist claimed that the minimum income should reach all citizens. On the other hand, he linked its provision to a “comprehensive system of social insurance” run by the state (Hayek [1944] 2001, 125); under an insurance scheme, income would be received only by those who have suffered a contingent financial loss and not by everyone at every time.

Although the universality of Hayek’s minimum-income proposal is rather ambiguous, its unconditionality is clearly absent. He stated that “some voluntary service on military lines might well be the best form to provide the certainty of an opportunity for work and a minimum income for all” ([1944] 2001, 131). Put another way, a minimum income would be conditional on the performance of some work for the army; therefore, the Hayekian proposal would look more like a workfare scheme than a universal basic income, and let us remember that workfare schemes are a usual target of criticism by proponents of a universal basic income (Standing 2002).

The next work in which Hayek referred to his proposal of a minimum-income scheme is *The Constitution of Liberty* ([1960] 2011). In this case, his references against a universal and unconditional income transfer cannot be more explicit. Hayek stood in favor of means-tested benefits and against the decoupling of transfers from necessity and effort:

The assurance of an equal minimum for all in distress presupposes that this minimum is provided only on proof of need and that nothing which is not paid for by personal contribution is given without such proof. The wholly irrational objection to a “means test” for services which are supposed to be based on need has again and again led to the absurd demand that all should be assisted irrespective of need, in order that those who really need help should not feel inferior. It has produced a situation in which generally an attempt is made to assist the needy and at the same time allow them to feel that what they get is the product of their own effort or merit. . . . There can be no principle of justice in a free society that confers a right to “non-deterrent” or “non-discretionary” support irrespective of proved need. (427–28)

Thus, Hayek rejected those conceptions of justice that dissociated need and assistance; however, it is precisely these conceptions of justice that are at the basis of any philosophical defense of a universal basic-income scheme.

Finally, Hayek made another reference to minimum income in the third volume of *Law, Legislation, and Liberty*, where, far from changing his position, he reiterated his advocacy of a means-tested benefits scheme:

There is, however, yet another class of common risks with regard to which the need for government action has until recently not been generally admitted and where as a result of the dissolution of the ties of the local community, and of the development of a highly mobile open society, an increasing number of people are no longer closely associated with particular groups whose help and support they can count upon in the case of misfortune. The problem here is chiefly the fate of those who for various reasons cannot make their living in the market, such as the sick, the old, the physically or mentally defective, the widows and orphans—that is all people suffering from adverse conditions which may affect anyone and against which most individuals cannot alone make adequate provision but in which a society that has reached a certain level of wealth can afford to provide for all.

The assurance of a certain minimum income for everyone, or a sort of floor below which nobody need fall even when he is unable to provide for himself, appears not only to be a wholly legitimate protection against a risk common to all, but a necessary part of the Great Society in which the individual no longer has specific claims on the members of the particular small group into which he was born. (1979, 54–55)

Again, Hayek advocated a minimum income only for those people “who for various reasons cannot make their living in the market” or for that person who “is unable to provide for himself” or in those cases where “things go wholly wrong” (Hayek 1979,

143). *A contrario sensu*, those who can obtain by themselves enough income from the market would not be entitled to receive anything from his minimum-income scheme.

Finally, in his autobiographical dialogue *Hayek on Hayek* (1994), the Austrian economist clarified his position on what he understood by a guaranteed minimum income for everyone: “I mean to secure a minimum income on which every one [*sic*] can fall back. You have it, of course, very largely in the form of unemployment insurance” (101). Hence, according to Hayek, his “minimum-income” proposal was very close to current unemployment insurance schemes, which, as I explained earlier, are a type of conditional government transfer, not a type of universal basic income.

In short, Hayek never defended a universal basic income. When he spoke about a minimum income, he was referring to a means-tested benefits scheme. The underlying reason for his opposition to a universal basic income is not surprising: Hayek rejected any redistribution of income that sought to isolate people from the market order; however, he was not against the provision of a comprehensive social insurance run by the state.

Universal Basic Income as a Form of Social Justice

Hayek rejected the concept of “social justice,” which he understood as being synonymous with distributive justice, because it tries to provide us with a set of principles to evaluate morally a given distribution of resources. According to the Austrian economist, any distribution of resources is the unintended or unforeseeable consequence of the actions of many individuals, and it is therefore meaningless to morally judge those unintended or unforeseeable consequences. “Society” as such does not owe anything to any individual (Hayek 1976, 62): each person must behave by respecting other individuals’ side constraints, but he is not in debt to other persons just by being an active member of society (Nozick 1974, 29). Certainly, individual actions can be judged fair or unfair, but their unintended or unforeseeable consequences cannot receive such qualification (Hayek 1976, 70).

Evaluating the aggregate output of individual actions as fair or unfair would imply that any “unfair” distribution of resources should be amended by coercively fitting individuals into some given pattern of distributive justice. In that case, “social justice . . . becomes a demand that the members of society should organize themselves in a manner which makes it possible to assign particular shares of the product of society to the different individuals or groups” (Hayek 1976, 64). On the contrary, from Hayek’s perspective, the distribution of resources resulting from a spontaneous order, such as the free market, should not be subjected to any moral evaluation. Instead, he considered prices and incomes generated as a result of the market process as informative signals that enable the coordination and mutual adjustment of society; that is, prices and incomes are not rewards for economic agents’ merit or ability:

We shall also see later that the importance for the functioning of the market order of particular prices or wages, and therefore of the incomes of the different groups and individuals, is not due chiefly to the effects of the prices on all of those who receive them, but to the effects of the prices on those for whom they act as signals to change the direction of their efforts. Their function is not so much to reward people for what they have done as to tell them what in their own as well as in general interest they ought to do. We shall then also see that, to hold out a sufficient incentive for those movements which are required to maintain a market order, it will often be necessary that the return of people's efforts do not correspond to recognizable merit, but should show that, in spite of the best efforts of which they were capable, and for reasons they could not have known, their efforts were either more or less successful than they had reason to expect. (Hayek 1976, 71–72)

Hayek considered that to intervene in market prices and incomes in the name of social justice is not only philosophical nonsense but also an economic error; changing prices and income is tantamount to altering market-informative signals and incentives, something that necessarily leads to economic discoordination (Hayek 1976, 128–29). The government should not intervene in the reconfiguration of the distribution of resources resulting from the market order except to maintain social order and to provide subsidiarily certain collective goods that the market cannot provide. The ideal of social justice undermines this Hayekian conception of limited government inasmuch as it requires the government to intervene in society to determine the different portions of resources for each individual according to some standard of material justice:

When the choice, however, is between a genuine market order, which does not and cannot achieve a distribution corresponding to any standard of material justice, and a system in which government uses its powers to put some such standard into effect, the question is not whether government ought to exercise, justly or unjustly, powers it must exercise in any case, but whether government should possess and exercise additional powers which can be used to determine the shares of the different members of society. The demand for “social justice,” in other words, does not merely require government to observe some principle of action according to uniform rules in those actions which it must perform in any case, but demands that it undertake additional activities, and thereby assume new responsibilities—tasks which are not necessary for maintaining law and order and providing for certain collective needs which the market could not satisfy. (Hayek 1976, 81–82)

In short, Hayek's critique of the concept of social justice combines a typically procedural vision of justice (Nozick 1974, 155–63) with his theory about the use of the knowledge gained in society through the price system (Hayek 1945). From this double perspective,

it should be clear that it was totally impossible from the very beginning, for both moral and economic reasons, that Hayek could have defended a universal basic income.

From a moral point of view, a universal basic income is opposed to a procedural vision of justice: any distribution of economic resources is classified as unfair if everyone is not entitled to a minimum level of sustenance regardless of the choices each individual has made in order to obtain that minimum sustenance. Even if some persons—such as Malibu surfers (Van Parijs 1991)—voluntarily refuse to act in such a way that would allow them to obtain that minimum income through the market, the distribution of resources would be qualified as unfair as long as those individuals do not get that minimum sustenance at the expense of the rest of the society. Hayek, as I have pointed out, rejected this approach from the very start: if individuals' specific actions are fair, their aggregate unintended and unforeseeable result cannot be described as unfair and therefore should not be repaired. The idea that coercion should be used to ensure that everyone, irrespective of his or her decisions and circumstances, should receive the same (minimal) benefit from the government is completely alien to Hayek's philosophical framework because it implies treating equal persons unequally (high net taxes on taxpayers to fund the transfers to basic-income net receivers): "Strict equality of those benefits which government could provide for all, on the other hand, would clearly lead to inequality of the material positions" (Hayek 1976, 82).

One way in which a basic income could be made compatible with the procedural vision of justice is by characterizing it, along Georgist lines, as a dividend derived from the common ownership of natural resources: if natural resources were commonly owned by the whole of humanity, each person could rightfully claim a lease rent from those using that communal property for his or own private affairs. In that case, basic income would not be a program for subsequently modifying the primary distribution of income as it is spontaneously generated in the market; on the contrary, it would be one of the channels by which that income is primarily distributed in the market. This reasoning has, however, two main problems.

On the one hand, Hayek was skeptical about the Georgist proposal precisely because, he claimed, it is not cognitively possible to separate on an individual basis the unimproved value of a natural resource from its market value (knowledge problem) ([1960] 2011, 477–78). Therefore, taxing improved values to finance a basic-income plan would entail a redistribution of income, which would be disrespectful to the procedural vision of justice. On the other, even if we were able to distinguish between the improved and the unimproved value of a natural resource, financing a basic income by taxing that resource's unimproved value could equally be considered a type of income redistribution, which is incompatible with a procedural vision of justice for two reasons.

First, in case the basic-income scheme were financed *just* by taxing that unimproved value of natural resources, its amount would be much lower than any of its known proposals: around \$550 *per year* (Rallo 2017). Actually, one could argue that the market order, which is enabled by the privatization of the commons (and which

could not have arisen otherwise), is already providing everyone economic opportunities that are worth much more than \$550 per year.¹ In that case, paying a basic income out of natural resources inside a market order would be tantamount to being paid twice by the same concept—that is, it would be tantamount to a redistribution of income. Second, because natural resources must be entrepreneurially searched for, discovered, and occupied before they can be considered available and productive, even taxing their unimproved value would be tantamount to taxing the original income derived from the entrepreneurial activity needed for making them available (Gochenour and Caplan 2013). Again, that would be a case of redistributing the primary income as established by the market’s spontaneous order.

From an economic point of view, guaranteeing everyone a certain level of income in an unconditional way decouples income from production, and, as a consequence, each person becomes much more encouraged to pursue his or her own ends without taking into consideration and without trying to coordinate with other people’s ends. According to some of its advocates, the universal basic income “is proposed as a model for reform of income maintenance policy that effectively dissolves the formal relationship between work and income” (McKay 2005, 196), thereby allowing people such as “the budding poet, the passionate bonsai-grower, the hyperpolitical activist” (Dore 1996, 62) to pursue their own dreams outside the market order. Therefore, this breakdown of the coordination within the division of labor is considered not an undesirable outcome of a universal basic-income scheme, but one of its main virtues: “Independent individuals need an exit option with access to enough external assets to live a decent life on their own in an absolute sense. This access frees them from (directly or indirectly) active cooperation with others not of their choice” (Widerquist 2013, 34). It is true that the basic-income scheme, being a universal and unconditional payment, does not modify the price of leisure in relation to labor (the so-called substitution effect of leisure) and consequently does not distort through that channel individuals’ efficient choices. However, this idea must be qualified in two ways. First of all, universal and unconditional payments do increase individuals’ premarket income, thereby reducing their supply of labor, provided that leisure is a normal good (the so-called income effect of leisure).² Second, basic income also reduces the supply of certain types of unpleasant labor, provided that pleasure is a normal good (an “income effect” of pleasure): therefore, basic income allows individuals to earn an income without working at all or by

1. In this situation, Nozick would clearly conclude that the private appropriation of the commons improves the availability of goods and services for everyone and therefore that the Lockean Proviso is not violated (1974, 174–78).

2. The income effect of leisure could be quite large even for low amounts of basic-income transfers. The temporary experiences in New Jersey and Pennsylvania, Iowa and North Carolina, Indiana, and Seattle and Denver generated average reductions of 7 percent in working hours among males and 17 percent among females for poverty-level transfers of income (Burtless 1986, 26). A more recent estimate for the Seattle and Denver experiment is a 12 percent reduction in the number of hours worked by recipients (Price and Song 2018).

working in activities that are not valuable enough for consumers (Malibu surfers, budding poets, bonsai growers, hyperpolitical activists, etc.). Those effects obviously increase with the amount of basic-income payments.

Hayek, however, radically rejected this type of decoupling between production and income that breaks the division of labor:

The long and the short of it all is that men can be allowed to decide what work to do only if the remuneration they can expect to get for it corresponds to the value their services have to those of their fellows who receive them; and that *these values which their services will have to their fellows will often have no relations to their individual merits or needs*. Reward for merit earned and indication of what a person should do, both in his own and in his fellows' interest, are different things. It is not good intentions or needs but doing what in fact most benefits others, irrespective of motive, which will secure the best reward. (1976, 72, emphasis in original)

Or even more clearly: “If expected remunerations no longer tell people where their endeavours will make the greatest contribution to the total product, an efficient use of resources becomes impossible. Where the size of the social product, and no longer their contributions to it, gives individuals and groups a moral claim to a certain share of that product, the claims of what deserve really to be described as ‘free riders’ become an unbearable drag on the economy” (Hayek 1978, 66). Hayek did oppose the idea of a universal basic income, but he had no problem at all with a means-tested benefits scheme precisely for procedural justice and economic reasons.

On the one hand, social assistance for dealing with adversities such as illness, unemployment, and a downturned business cycle was the type of service traditionally provided by local groups based on trusting bonds, but with the extension of impersonal free markets, Hayek thought it was no longer possible to supply this type of assistance by the market.³ Because Hayek considered that the proper function of government is to provide those services that the market is unable to properly provide by itself,⁴ means-tested benefits that do not attempt to rearrange the market order according to some predetermined pattern of social justice (by which any spontaneous output of the market is considered as inherently unfair unless some income is regularly redistributed to every citizen irrespective of his or her willingness to engage in market activities) but only to

3. Recall that Hayek justified his minimum-income scheme because “as a result of the dissolution of the ties of the local community, and of the development of a highly mobile open society, an increasing number of people are no longer closely associated with particular groups whose help and support they can count upon in the case of misfortune” (1979, 54).

4. “We find it unquestionable that in an advanced society government ought to use its power of raising funds by taxation to provide a number of services which for various reasons cannot be provided, or cannot be provided adequately, by the market. . . . The contention that where the market can be made to supply the services required it is the most effective method of doing so does not imply that we may not resort to other methods where the former is not applicable” (Hayek 1979, 41–42).

ensure citizens against market risks are fully compatible with his political philosophy. In that case, the deep justification for income redistribution is not that a certain pattern of resources is considered unfair but that it results from the creation of a large social insurance scheme run by the government as a collective good that the market is unable to supply. “[The establishment of a minimum income must] not be achieved by manipulating the spontaneous order in such a manner as to make the income earned on the market conform to some ideal of ‘distributive justice’” (Hayek 1978, 92).

On the other hand, if governmental social assistance were provided only to persons unable to cooperate with others in the market (and only while they remain unable to cooperate), then by definition their incentives to cooperate with others are not undermined: that is, their lack of income is not the result of a reluctance to produce for the market but of their inability to do it: “It is certainly possible to take entirely out of the market process those who cannot adequately maintain themselves on the market and support them by means set aside for the purpose” (Hayek 1976, 142).

In short, Hayek conceived of the means-tested benefits scheme as a subsidiary public service that does not affect the market order. For that reason, it is a public policy that he advocated for consistently throughout his intellectual career. However, Hayekian thought is totally incompatible with a universal basic income precisely because such an income is the result of applying a distributive-justice approach to evaluate and intervene coercively in the market order.

Conclusion

Friedrich Hayek is often associated with the classical liberal defense of a universal basic income. That kind of association is not intrinsically unfeasible because other libertarian or libertarian-leaning thinkers such as Milton Friedman (1962), Charles Murray (2006), and Matt Zwolinski (2015) have emphatically defended the idea of a universal basic income.

Hayek’s case is, however, totally different. The Austrian economist based much of his philosophical work on rejecting the application of distributive-justice principles to the spontaneous order of the free market. Basic income, insofar as it constitutes a universal and unconditional transfer of income, necessarily employs different social justice criteria to oppose the specific distribution of resources emerging from the market process (Rallo 2015), and therefore it would have been totally incoherent for Hayek to embrace it.

This is not the case, however, with other means-tested benefits schemes: under this proposal, only those persons unable to provide for themselves within a free-market order would receive an income transfer from the government subject to the condition that they devote active efforts to once again coordinate with other economic agents inside the division of labor. Therefore, income is not being redistributed to the most disadvantaged individuals because a certain social distribution of resources is considered to be unfair but because government is providing individuals with social insurance against economic adversities. Or, put another way, means-tested benefits are earned not because of the existence of any right of citizenship but because of a governmental response to an alleged market failure.

This distinction is important not so much to provide an answer to those consequentialist defenses of the basic-income plan inside the libertarian tradition (such as the ones by Milton Friedman and Charles Murray) but to reject some of its deontological defenses (such as the one by Matt Zwolinski): the features of universality and unconditionality that are necessarily associated with basic income make this program hardly compatible with libertarian values, at least in comparison to other much more libertarian-oriented schemes such as means-tested minimum incomes (Rallo 2017). Nonuniversality and conditionality provide income transfers just to those who need them and only while they need them, thereby minimizing the seizure of third parties' private-property rights: means-tested minimum incomes behave as a type of social insurance provided by the government and not as a universal right against the spontaneous market order.

As a consequence, whenever Hayek proposed to guarantee a “minimum income” to citizens, he did so in reference to a means-tested benefits scheme, not to a universal basic income, which would have been incompatible with his criticism of social justice. On this issue, let Hayek himself have the last word: “The basic moral principles on which any community of free men must rest . . . [are] incompatible with the idea that ‘society’ or government owes each person an appropriate income” (1976, 99).

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