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Abstract

In *Basic Income. A Radical Proposal for a Free Society and a Sane Economy*, Philippe Van Parijs and Yannick Vanderborght table two arguments that focus explicitly on the European Union. Their first argument concerns strategies to introduce basic income at the national level: VP&V argue that there is a tension between national basic income and the European principle of free movement; to cope with the threat of selective immigration, the sustainability of national basic income imposes ‘firm limits on hospitality’. The second argument concerns the introduction of a pan-European basic income: VP&V contend that pan-European basic income is the best answer to social challenges created by European integration. In this paper, I develop three claims. My first claim is that VP&V are unclear about the consequences of ‘firm limits on hospitality’ for the European principle of free movement: this renders their case ambiguous with regard to a core feature of the EU. National basic income seems incompatible with a consistent and legitimate logic of free movement and non-discrimination; to support this claim, I sketch a normative framework with regard to free movement and non-discrimination. My second claim concerns VP&V’s case for pan-European basic income. If it is true that the EU’s principal justice-related problem is that European integration has diminished core capabilities of national welfare states, such as national redistribution and national stabilization, without adequately ensuring their functioning at a higher level, the remedies to that problem are essentially different from a pan-European basic income. My third claim concerns both national basic income and pan-European basic income. The starting point of VP&V’s case for basic income is compelling: we all benefit from a common inheritance, for which none of us did anything. However, more arguments are needed why basic income should be *the* priority amidst competing claims on the ‘gift’ constituted by past technological, economic and social progress. In fact, the need to add a social dimension to the European project militates against rather than in favour of basic income, be it national or pan-European.

Keywords

Basic Income, Social Justice, European Union, Freedom of Movement, Reciprocity, Wage Subsidies, Social Investment

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1. Introduction and overview

In their new and wide-ranging book on basic income (*Basic Income. A Radical Proposal for a Free Society and a Sane Economy*), Philippe Van Parijs and Yannick Vanderborght table two arguments that focus explicitly on the European Union (EU). Van Parijs and Vanderborght (VP&V in the remainder of this paper) argue that both the separate introduction of basic income in individual European member states and the introduction of basic income at the level of the EU (or the Eurozone) should be on our agenda. Throughout this paper I will use 'national basic income' as a short-cut for separate national strategies; I will use 'pan-European basic income' as a short-cut for the introduction of a basic income on the European level. In short, for VP&V, national basic income and pan-European basic income should be pursued simultaneously.

How does this dual strategy relate to well-known debates on European integration? The first argument developed in the book concerns national basic income: VP&V argue that there is a tension between national basic income and the European principle of free movement: to cope with the threat of selective immigration ('benefit tourism'), the sustainability of national basic income imposes "firm limits on hospitality" (VP&V: 222). Selective emigration, by citizens with a high earnings potential, should also be discouraged. The second argument concerns pan-European basic income: VP&V contend that pan-European basic income is the best solution to solve problems of European integration, such as the pressure weighing on national systems of redistribution as a consequence of the single market and selective immigration and emigration, the viability of the Eurozone, and the need for a social dimension to the European project at large. A pan-European basic income would contribute to "saving from extinction the so-called European social model" (VP&V: 231), whilst bolstering the future of the EU.

In this paper, I develop three claims. My first claim is that VP&V are unclear about the consequences of "firm limits on hospitality" for the European principle of free movement: this renders their case ambiguous with regard to a core feature of the EU. Admittedly, lack of clarity about the consequences of an argument is not an indictment of the argument *per se*. Moreover, the fact that free movement is a constitutive principle of the EU does not make it sacrosanct: it needs justification. However, if we take arguments in support of free movement seriously, the crux is equality of access to employment opportunities for all EU citizens, not just for the happy few. Such an egalitarian principle cannot be mitigated or nuanced: apart from transitory arrangements, in the long run either equality of access applies for everybody, or it does not apply in a meaningful sense as an egalitarian principle. My second claim concerns VP&V's case for pan-European basic income. If it is true that the

EU's principal justice-related problem is that European integration has diminished core capabilities of national welfare states, such as national redistribution and national stabilization, without adequately ensuring their functioning at a higher level, the remedies to that problem are essentially different from a pan-European basic income. These remedies need features which make them depart from the defining features of a pan-European basic income. My third claim concerns both national and pan-European basic income. The starting point of VP&V's case for basic income is compelling: we all benefit from a common inheritance, for which none of us did anything; it was given to us freely by nature, technological progress, capital accumulation, social organization, civility rules, and so on; hence, the question arises how to distribute this *gift* fairly. However, there are alternative ways to distribute this gift than via basic income: think about free (or cheap) and excellent education, free (or cheap) and excellent health care; think about wage subsidies for people whose productivity is rated low by the market... More arguments are needed why basic income should be *the* priority amidst these competing claims on the 'gift' constituted by past technological, economic and social progress. In fact, when we compare basic income with alternative policy options funded by the common 'gift' from which we all benefit, the need to add a social dimension to the European project militates against rather than in favour of basic income, be it national or pan-European.

Section 2 briefly presents the basic income proposal. Sections 3 and 4 discuss the tension between national basic income and free movement of workers. Section 5 assesses the idea that a pan-European basic income would solve important challenges of the European project. Section 6 returns to the rationale for basic income, and presents alternative views on how the 'gift' constituted by past technological, economic and social progress could be used. Section 7 concludes.

2. The basic income proposal in a nutshell

VP&V propose a basic income that is universal (it is paid to every individual, irrespective of any income from other sources) and unconditional (it does not depend on past or present behavior of the would-be recipient; i.e. it is free of counterpart). Recipients of it must be members of a particular, territorially defined community. In their interpretation, this means fiscal residence rather than permanent residence or citizenship. This excludes tourists and other travelers, undocumented migrants, and also diplomats and employees of supranational organizations, whose earnings are not subjected to the local personal income tax (VP&V: 9).

VP&V do not discuss the case of posted workers:¹ given the fact that the fiscal residence of posted workers remains in their home country (rather than in the country in which they are posted), I take it that posted workers would be entitled to the basic income of their home country, if there is one, and not to the basic income of the country where they are posted.

The philosophical rationale for basic income can be summarized as follows. The core idea is that *real freedom* is the “very stuff that justice consists in distributing fairly” (VP&V: 104). Real freedom is not only the sheer right but also the genuine capacity to do whatever one might wish to do. Being egalitarian about this real freedom does not imply that one should aim to equalize it at any cost. For VP&V, inequalities can be regarded as just if they work to the benefit of everyone: we must go for the greatest real freedom for those with least of it. Basic income provides the material basis for the exercise of real freedom. Basic income is obligation-free, because it distributes a gift: the common inheritance of nature, technological progress, capital accumulation, social organization, civility rules, and so on. “What a basic income does is ensure that everyone receives a fair share of what none of us today did anything for (...). And if given to all and pitched at the highest sustainable level, it ensures that those who receive least receive as much as is durably feasible.” (VP&V: 105).

The freedom offered by basic income is particularly important in the labour market: it facilitates saying yes to a job offer that only generates a modest income but that one finds rewarding; it facilitates saying no to a job offer that is lousy and degrading. For VP&V, it is “the joint operation of these two features” that turns basic income into “a paramount instrument of freedom” (VP&V: 16). Thus, basic income is also a condition for a fair labour market.

VP&V underscore the following *caveat*: “Contrary to the way in which it is sometimes characterized and to the chagrin of those among its advocates who want to sell it as a radical simplification, a basic income should not be understood as being, by definition, a full substitute for all existing transfers, much less a substitute for the public funding of quality education, quality health care, and other services.” (VP&V: 12). What would be a relevant level of basic income? To fix ideas, VP&V suggest picking an amount on the order of one-fourth of current GDP per capita. This is lower than the poverty threshold used in the EU,

¹ A ‘posted worker’ is an employee who is sent by his employer to carry out a service in another EU member state on a temporary basis. Posted workers are different from EU mobile workers in that they remain in the host member state temporarily and do not integrate in its labour market, as they maintain an employment contract with an employer in their home (‘sending’) country. In contrast to posted workers, EU mobile citizens who work in another member state and have an employment contract with an employer in the latter member state are entitled to full equal treatment with nationals in access to employment, working conditions and all other social and tax conditions.

but VP&V make no claim that such a basic income suffices to get every household out of poverty. I would add that this amount also falls short of what an adequate system of unemployment insurance should provide for a full-time worker on an average salary who loses his job. With these qualifications VP&V add a flavour of realism to their proposal. However, they simultaneously weaken one of their key arguments, which is that basic income means “getting rid of the unemployment trap” (VP&V: 25): in so far as social assistance and unemployment insurance are defined at levels above an unconditional basic income, inactivity traps continue to exist, albeit mitigated by the lower-level basic income. These qualifications are also consequential for debates on the economic and budgetary feasibility of basic income: if poverty relief and unemployment insurance remain important policy objectives, resources used for social assistance and unemployment benefits cannot be totally ‘recycled’ to the funding of basic income;² I will not pursue this discussion here.

To fix ideas on a pan-European basic income, VP&V suggest an amount 200 euro per month, with a higher amount in countries with high cost of living, and a lower amount in countries with low cost of living (VP&V: 236); 200 euro represents about 7,5% of per capita GDP of the European Union. Depending on the way such a basic income is funded, this would create a transfer of purchasing power from the citizens of richer EU countries to the citizens of poorer EU countries.

3. National basic income and cross-border mobility

VP&V start from the premise that international migration constitutes a threat to the sustainability of redistributive functions of welfare states, and particularly of basic income: “[t]he more open the borders of a country with generous and unconditional schemes, the more it will be under pressure to make them less generous and more conditional, in order to stem the selective migration of likely net beneficiaries.” (VP&V: 219). This creates a “cruel dilemma” for people committed to social justice in the more affluent parts of the world, as they are torn between sustainable generosity towards their ‘own poor folks’ and generous hospitality to all those ‘strangers’ knocking at the door. They recognize that this tension is particularly disturbing for basic-income supporters, “as the joint appeal of equality and freedom that endears basic income to them should also make them firm supporters of free

² The OECD (2017) simulates the impact of a basic income scheme for the non-elderly population in the UK, France, Italy and Finland, which would be budgetary neutral (with basic income itself being taxed). The net effect would be large shifts in the composition of the income-poor, with some people moving above the poverty line while others would fall below it. Overall, poverty rates would increase significantly in the UK, to some extent in France and Finland, and little in Italy. Obviously, these are mechanical calculations that do not take into account behavioral changes.

migration.”³ But, “the conflict between these two components of real freedom must be handled. (...) [T]here is no absolute priority for either of them.” (VP&V: 221).

VP&V take it that welfare states that are mainly governed by the insurance principle are less threatened by selective migration than redistributive welfare states. From an empirical point of view, the ‘welfare magnet’ hypothesis, which features centrally in VP&V’s account, is disputable. In defense of the feasibility of basic income, Boso and Vancea (2012) question the empirical validity of claims with regard to benefit tourism. Howard (2006) provides a more nuanced assessment, and underscores the political salience of migration in the context of basic income (see footnote 3). As a matter of fact, intra-European migration seems more motivated by labour market opportunities than by differences in benefits for non-active individuals.⁴ Martinsen and Rotger (2017) show that the threat of benefit tourism is vastly overstated in the case of Denmark, an archetypal universalistic and relatively generous welfare state: the net fiscal impact of EU immigration in Denmark is positive.

However, empirical observations about the limited reality of benefit tourism in today’s Europe do not settle the case of basic income. The current EU legal understanding of free movement and non-discriminatory access of non-nationals to the social benefits in their state of residence does not accommodate pure ‘benefit tourism’: Member States can refuse social assistance benefits to non-active non-nationals if they depend on them because they lack other means of subsistence upon their arrival in their host country. The Danish case illustrates that Member States can implement these exclusionary principles in a very effective, restrictive sense: Denmark is as effective in restricting access to its benefits as is Germany, traditionally seen as an ‘insurance welfare state’ (Martinsen and Werner, 2018, forthcoming). Yet, basic income is not like social assistance that supports the non-active and that can be refused to non-active non-nationals: basic income is a key condition for a fair labour market. For this reason, VP&V reject ‘soft’ exclusionary strategies, such as waiting periods or a restriction of basic income to national citizens. Their rejection is not premised

³ The recognition that basic income may create a dilemma for liberal egalitarians who are in favour of the right to migrate is not new. For example, already in 1992, Van Parijs (1992: 162) wrote: “There is no way in which such systems could survive if all the old, sick and lazy of the world came running to take advantage of them.” The problem has been discussed by Howard (2006) and Boso and Vancea (2012), and is also addressed in Jordan (2007). Boso and Vancea argue that the actual pull-effect of existing social benefits on migrants is very limited, and that there is no reason to expect a different impact from basic income. Howard makes a nuanced assessment of the expected impact of basic income on migration but underscores the political saliency of migrants’ access to welfare; he therefore advocates a mix of international transfers to fight poverty in emigration countries, waiting periods for entitlements to basic income and restrictions on migration to find a ‘middle way’ out of the dilemma. If such a strategy would be applied within the EU, it would run against the same problems as those encountered by the strategy advocated by VP&V (who moreover argue against waiting periods for basic income).

⁴ For a survey of factors affecting intra-EU migration, which adds a lot of nuance to the benefit tourism argument, see European Commission (2016).

on the idea that a waiting period or a citizenship requirement would always imply an unacceptable discrimination with regard to any kind of social benefit; it is premised on a contradiction with the fundamental aim of basic income: “it will involve a major distortion at the lower end of the labour market with some who are able to turn down lousy jobs thanks to their entitlement to an unconditional basic income and others who are forced to accept them because they lack the bargaining power the basic income confers” (VP&V: 223). They categorically reject the idea to create “two categories of residents”, and conclude, logically: “Once a basic income is in place, the right to work in a country and the right to the basic income must go hand in hand.” (VP&V: 223-224). Hence, a ‘harder’ exclusionary strategy is necessary, that avoids dissociating the right to work from the right to basic income.

Having said all this, VP&V remain silent on what such a ‘harder’ exclusionary strategy would comprise. This silence is not happenstance: a ‘harder’ strategy means limiting, in one way or other, the access to labour markets for non-nationals. As already indicated in section 2, ‘fiscal residence’ would constitute a generic requirement for access to basic income. The principle of fiscal residence cannot, *per se*, set limits to the ‘selective migration’ feared by VP&V: fiscal residence normally applies to migrants who are residents in a country in which they work on the basis of a regular employment contract, whatever their earnings or job profile (posting is an exception, as already indicated, because it is not based on a regular employment contract in the host country). Would we bury the EU principle of free movement and return to old-style immigration policies, regulated by national governments on the basis of ‘economic needs’? This seems hardly plausible as it goes against the grain of EU citizenship; but it would also create huge inequalities in ‘real freedom’ among Europeans, with some having ample opportunities to cross borders for the purpose of finding interesting jobs whilst others would lack those cross-border opportunities. In fact, it is very hard to come up with a concrete proposal for an ‘exclusionary strategy’ that would pass the test of justice as VP&V understand it, i.e. a proposal that would establish a fair balance between two components of real freedom, none of which has absolute priority, whilst not creating two categories of working residents.

In VP&V’s account, basic income is not only threatened by selective immigration (due to its attractiveness to potential beneficiaries), it is also threatened by selective emigration (due to its unattractiveness to potential contributors with high earnings capacity). Apart from the promotion of a patriotic ethic and some practical suggestions, they do not table operational proposals to tackle selective emigration; one suggestion is that an individual’s right to emigrate would be conditioned on paying back the investment in that individual’s human capital made by his home country. This suggestion creates a normative problem : the fact that highly-educated individuals would have to pay for their right to emigrate, excludes

emigration for economically unsuccessful highly-skilled individuals, who might need opportunities offered in other countries to improve their economic situation.

So, we are left with a conundrum: a problem is signaled, no clear solution is offered. Admittedly, one might say that the conundrum is not with basic income, but with the EU. Whilst the EU's principles of free movement and non-discrimination do not accommodate pure benefit tourism, any redistributive scheme that supports *active* citizens might generate selective migration which member states must accept without any restriction. In-work benefits are a case in point. In-work benefits can support the development of a low-wage sector in which workers earn a decent net-income, thanks to the top-up offered by the public purse. An EU Member State that pursues such a policy may attract a disproportionate share of migrants from less-developed Member States, not just because it offers high net-incomes for low-skilled workers, but also because of a supply-effect: it boosts its market for low-skilled labour. If there was any argument for the infamous and now defunct Brexit-deal negotiated by the former British Prime Minister David Cameron, it should have been this one: theoretically, it is conceivable that boosting a low-wage sector with in-work benefits attracts selective migration that puts pressure on the welfare state pursuing such a policy.⁵ Whether that is empirically true for the UK is a moot question. However, empirical nuances apart, whether a national government applies in-work benefits or basic income, the principles of free movement and non-discrimination create a problem – real or perceived – of 'selective migration' because the EU does not allow a Member State to discriminate with regard to social benefits between active nationals and active non-nationals. In this sense, national basic income and in-work benefits are confronted with the same type of challenge. Yet, there is a difference: in-work benefits redistribute incomes but call upon a notion of reciprocity: those who receive support make an effort to contribute productively, even if the market value of their contribution is relatively low: they 'earn' their social citizenship. Although there may be a political backlash against immigrants benefiting from in-work benefits, domestic public opinion might be more ready to accept a notion of 'earned' social citizenship than the argument that any migrant who has a right to work is entitled to basic income, even if his actual participation in the labour market is very limited. Public acceptance may become even stronger if the level of the benefit is strictly proportional to the effort, as is the case with an hourly wage subsidy; I return to wage subsidies in section 6. In the following section, I first elaborate on normative arguments about free movement, non-discrimination and 'earned social citizenship' from a perspective of social justice in the EU:

⁵ Martinsen and Werner (2018, forthcoming) underscore that there was a significant increase of the number of EU migrants with in-work benefits in Germany; I would add that, in absolute terms, their numbers are not so important, but the percentage increase is important indeed.

we cannot simply assume that principles that stand a higher chance to be publicly accepted are therefore *just* principles.

4. Can the principle of free movement for active citizens be ‘nuanced’?

A defender of national basic income might say that the root problem is not with basic income but with the European nexus of free movement and non-discrimination of active citizens. Obviously, the fact that free movement and non-discrimination on the basis of nationality are foundational principles of the European project does not make them sacrosanct: we need independent arguments to justify them. To clarify the issues at hand, we should distinguish three questions:

- 1) How can we justify free movement?
- 2) How can we justify non-discriminatory access to social benefits for those who move?
- 3) How can we justify a difference between active and non-active citizens in the application of (1) and (2), in a sense of ‘earned’ social citizenship?

4.1. Why free movement for active citizens?

As indicated in the previous section, the debate with VP&V is not about the principle of non-discrimination but about free movement. It is obviously conceivable to apply equal treatment to mobile workers whilst limiting free movement: in the context of the EU’s enlargement, a transitory regime with limits to free movement (but non-discrimination for mobile workers) was agreed.⁶ I see two arguments why such limitations should only be transitional. The first argument is a corollary of the single market, with its freedom of movement of goods, capital and services. The second argument refers to a notion of opportunities associated with EU citizenship.

My first argument is that a single market needs both a regime of free movement of workers and a regime of posting of workers (which supports the freedom of service delivery), and that the two regimes *need each other* and should constitute a well-balanced and sustainable whole. Posting⁷ has become a controversial issue in the EU, because of widespread feelings that it is difficult to control and that it generates disruptive phenomena of social dumping in particular economic sectors. These drawbacks of the current posting regime should be taken

⁶ The UK government, notoriously, thought it did not need such a transition period.

⁷ See the definition in footnote 3.

at heart and reform is necessary.⁸ Notwithstanding the need for reform, one cannot dispense of a posting regime: an integrated services market requires that workers can be sent to other Member States for short-term projects, without being employed and affiliated to the social security system of the receiving country. Simultaneously, a single market needs a regime of free movement of workers, seeking regular employment contracts in other countries, as a *necessary corollary* to a regime of posting. The argument is best explained by a highly stylized theoretical counterfactual for two countries, A and B, with country A being less developed, socially and economically, than country B. Imagine, as a theoretical construct, a situation in which free movement would be limited between country A and country B (say, in specific sectors, or for certain categories of workers, e.g. low-skilled workers), whilst posting would be possible in the context of an integrated, single market of services. This would mean that economic activity in country B (in this sector, or by this type of workers) could only be developed by citizens of country A *on the basis of posting*. Free movement implies a principle of non-discrimination in the application of social and employment policy regimes, which guarantees – at least in principle – a safeguard against practices of social dumping; in contrast, sending workers from country A to country B on the basis of posting allows deviations from the prevailing social and employment policy regime in country B; this is the reason why social dumping can become an issue in the context of posting. Limiting free movement of workers (with the principles of non-discrimination it implies) between A and B whilst allowing posting would be unfair from the point of view of workers living in A, since it would make it impossible to work in country B on the basis of the full social and employment policy regime in that country. Moreover, such an imbalance would enhance a dynamic of social dumping: the alternative ‘non-dumping’ option which some workers from country A might prefer (compared to the ‘posting’ option), is simply unavailable in this theoretical counterfactual. In yet other words, for it to be fair to workers, an integrated, single market for services needs both a well-delineated posting regime and free access of workers to regular employment contracts in other countries.

I now turn to a second, well-known argument for free movement: it does not refer to the single market, but sees it as a corollary of European citizenship. (This is distinct from another, traditional argument for free movement, which is that it enhances economic efficiency by allowing to improve the allocation of labour.) Obviously, this citizenship argument needs specification: which dimension of European citizenship implies free

⁸ This recognized by the European Commission; the proposals put forward by Commissioner Thyssen are an important step forward in this respect. See the European Commission’s Press Release of 8 March 2016 (http://europa.eu/rapid/press-release_IP-16-466_en.htm). The proposal led to resistance in a number of member states, leading to an application of the so-called ‘yellow card’ procedure. At the moment of writing, it is unclear how the conflict will be settled.

movement? In my opinion, the most robust normative justification is that free movement of workers means that EU citizens share an opportunity set, which is much larger than the opportunity sets offered by separate national labour markets.⁹ One should note that this normative justification is not premised on the idea that free movement would improve the position of the worst-off within the EU.¹⁰ The status of such a principle in a conception of social justice is comparable to Rawls' principle of 'fair equality of opportunity', which has priority to his 'difference principle': for Rawls, his 'fair equality of opportunity' (which is about access to positions and offices) has to be respected, even if it would limit the scope for redistribution.¹¹ So conceived, the trade-off envisaged by VP&V (between free movement and basic income) is a trade-off between a formal but important notion of equality of opportunity, that is, open access to European-wide employment opportunities for all, on one hand, and the 'maximization of real freedom' via basic income, on the other hand. With regard to the level of basic income, there is a continuum of possibilities; with regard to free movement, there is no continuum of possibilities. If free movement is about 'equal access to opportunities' across borders for *all* Europeans, it is very hard to see how it can be mitigated

⁹ There is some congeniality between this way to formulate an argument in support of free movement, and de Witte's account of 'transnational solidarity': in this account, freedom of movement is fundamental since it enhances the freedom of European citizens to pursue their conception of the good life, beyond the borders of their nation state (de Witte, 2015). De Witte's starting point is that European nation states limit people's freedom to pursue their conception of the good life. It is difficult to understand that argument, and notably its reference to 'the good life', when one tries to interpret it on the backdrop of the well-known debates between liberal and communitarian political philosophers. The argument seems to imply that European nation states fail in term of a traditional liberal agenda (for instance, in Rawls' understanding of liberalism), which is to accommodate a sufficient plurality of conceptions of the good life. In contrast to de Witte, one might argue that the reason why people want to migrate within Europe is not that their home country does not admit their conception of the good life *per se*, but rather that the resources available in other countries allow to realize that conception on a (quantitatively) higher level. An individual who moves from Romania to the Netherlands because he can earn more in the Netherlands does not pursue a conception of the good life that is, in principle, excluded in Romania; he pursues the same conception in a richer country. In Rawlsian terms, rather than enlarging his choice set with regard to conceptions of the good life, by migrating he increases the amount of primary goods he can claim to pursue his (unchanged) conception of the good life. Hence, rather than framing the argument in terms of constraints on 'the good life' and, thus, a deficit in terms of liberalism, one could say that the 'exit options' created by intra-European mobility allow people to obtain more primary goods, across a set of societies that are heterogeneous in terms of the availability of primary goods but similarly liberal with regard to conceptions of the good life. As explained in the body of my text, in my view the defining feature of free movement for workers in the EU is that it enhances the employment opportunity set for all EU citizens, and that this enlarged opportunity set is formally (i.e. not necessarily in a real sense) the same for all EU citizens. In private communication, de Witte points out that his use of 'the good life' should not be understood in the traditional perspective of liberal-communitarian debates. What he wants to emphasize is the importance of *choice*, with a view to self-realization, whatever the motives of that choice (a 'qualitative' or a 'quantitative' satisfaction with possibilities offered by the nation state in which one lives): the exit option 'breaks the hold of cultural, societal, or political patterns of the nation state over the individual's understanding of herself and her possibilities in life.' For further elaboration on this, see also de Witte et al., 2016. I don't think this reformulation by de Witte affects my critical comment, but space forbids to pursue this point here.

¹⁰ For instance, a priori one cannot exclude that free movement has, *ceteris paribus*, a negative impact on GDP per capita in countries with large population outflows, and thus reduces the scope for redistribution to the worst-off in those countries. Whether or not there is such an impact is an empirical matter: for instance, whether or not there is large unemployment in countries of emigration, is a crucial factor in this respect.

¹¹ This comparison was inspired by De Boer (2013), which is not to say that he endorses my argument here.

or nuanced on a permanent basis (which is different from postponing it during a transitory period): either equal access applies for everybody – for the low-skilled as much as for the high-skilled, for all kinds of jobs –, or it does not apply, at least when equal access to opportunities is so conceived. The argument should not be misunderstood: I'm not arguing that selective migration policies, focusing for instance on skilled workers in specific occupations, constitute *per se* a case of unacceptable discrimination in today's world. My argument is the following: if free movement for European citizens is about equal access to employment opportunities in Europe for all Europeans, it is difficult to imagine a permanent solution 'in between' free movement and limits to migration that does not contradict the *equality of access to opportunities for all*.

4.2. Non-discrimination

There should be no denying that the case for free movement for workers has often been made on mainly economic grounds (with a view to the efficient allocation of factors of production), and that the principle of non-discrimination, notably with regard to social security entitlements, has often been defended as a corollary of free movement: non-discriminatory access to social security entitlements associated with employment obviously facilitates free movement. In the previous section, I tabled an argument for free movement based on access to opportunities, which does not refer to the traditional economic efficiency argument. In addition, we need independent arguments for non-discrimination that are not premised on the idea that free movement should be promoted *per se*.

The fact that a mobile worker is incorporated in the solidarity circle of the country where he or she works is most often defended as a key dimension of European citizenship. Without appeal to European citizenship (or, more broadly, any cosmopolitan theories of justice), there is another argument, premised on the idea that the European Union should be union of welfare states. The fact that a Polish worker enjoys the same social rights as Belgian workers, when working and living in Belgium, justifies that his employment generates the same social security contributions and tax revenue for the Belgian government as the employment of a Belgian national in Belgium. In other words, non-discrimination in terms of social rights, justifies and so sustains the principle that we do not tolerate competition between the Polish and the Belgian social and taxation system on Belgian territory: such competition is a recipe for social dumping. The non-discrimination principle establishes a notion of reciprocity across EU Member States, in the following sense: all Member States guarantee that all economically active mobile citizens will have equal access to social policies in each of the Member States; simultaneously, all Member States understand that including economically

active mobile citizens in the solidarity circle of their host country protects these solidarity circles against practices of social dumping within their own territory.¹²

In addition, there is an argument on the basis of social sustainability. Milanovic (2016:154) argues that, from a global perspective, allowing “a higher level of migration than what currently exists, with legally defined relatively mild differences in treatment of local and foreign labour” would be a better solution than the option to “keep the flow of migrants at the current level or an even lower level and maintain the fiction of equal treatment of all residents while allowing for de facto differential treatment of the ‘illegals’”. I don’t think that argument has much purchase for mature welfare states, which not only grant cash benefits but also access to social services; much of the pressure exerted by migration is on social services. Would we limit migrants’ access to such services? Access to social services is key for successful social integration. Differential treatment of migrants would create severe tensions in mature welfare states, as we have or aspire to have in the EU, and be therefore counterproductive in the longer term. For migration to be socially sustainable, it must not create segmented societies, with an underclass of people who don’t have access to decent housing, good education and support for their kids, and adequate health.

4.3. Earned social citizenship

The coexistence of national welfare states and free movement in the EU is made possible by a principle of ‘earned social citizenship’ (Kramer, 2016, inspired me to use this expression). That principle evolved: a period dominated by a progressively expanding understanding of European social citizenship, including European social citizenship for non-active people, was followed by a period in which case law and practices became increasingly restrictive; but there was also a degree of continuity. Historically, the inherent tension between free movement and the bounded welfare state was reconciled by granting the right to move only to the economically active (and their dependents) to the exclusion of the economically inactive and by establishing a coordination regime for social security systems to the exclusion of social assistance.¹³ This simple dichotomy was not tenable, but, when the right to free movement became open to economically non-active citizens, EU citizens were granted

¹² From a normative perspective, other arguments can be tabled. Elaborating upon the Brexit-deal negotiated by Cameron, Sangiovanni (2016) convincingly argues that restricting EU migrant access to British in-work benefits in the UK is wrongfully discriminatory, because it demeans non-nationals in the UK by stigmatizing them. This argument is based on general moral principles and applies as much to non-EU citizens as to EU citizens. In addition, Sangiovanni (2016: 15) also mentions arguments specific to the EU, based on “demands of reciprocity among Member States cooperating in maintaining and reproducing the EU”. His reciprocity-argument refers to a scenario in which Britons working in other EU Member States would maintain access to social benefits in their host countries, whilst this would be denied to non-nationals with EU citizenship working in the UK.

¹³ To simplify my exposition, in this sentence and in the remainder of this paper I make abstraction of the right to free movement for reasons of study.

a right of residence throughout Europe “as long as they do not become an unreasonable burden on the social assistance system of the host Member State”.¹⁴ The 2014 *Dano*-judgment by the Court stresses that Member States have “the possibility of refusing to grant social benefits to economically inactive Union citizens who exercise their right of free movement *solely* in order to obtain another Member State’s social assistance”.¹⁵ Kramer sketches the combination of continuity and change in the evolution of the EU’s principle of ‘earned social citizenship’, and situates that evolution in a broader notion of “neoliberal communitarianism”, which “combines a communitarian care of the national welfare state with a neo-liberal emphasis on the individual’s responsibility to achieve membership of that welfare community” (Kramer, 2016: 277): she labels it ‘neo-liberal’ since “it becomes the individual’s own responsibility, expressed in the form of ‘earning’ citizenship, to convert to a bounded community of economic, cultural and social values”. Kramer sees dangers in the current evolution, as an expanding notion of individual responsibility, not only with regard to economic contribution but also with regard to cultural traits such as language, risks to be pushed further and further within the confines of the national welfare state itself. In a similar vein, Verschueren (2015) warns against increasingly restrictive practices by Member States *viz-à-viz* socially vulnerable mobile Europeans, when the leeway granted by the *Dano* judgment would be interpreted broadly. Thym (2015) underscores the uncertainty that is created by the existing case law and national practices. However, taking on board these cautionary notes, there is also a more positive reading of the notion of ‘earned social citizenship’ for mobile Europeans, at least *if the EU would oblige its Member States to develop comprehensive and adequate systems of minimum income protection* and if an increasingly restrictive interpretation of what ‘earned social citizenship’ means can be avoided. In this more positive reading, a carefully delineated possibility for Member States to exclude non-nationals from domains of social policy in which principles of compassion rather than principles of responsibility dominate (such as social assistance) would be a corollary of a *duty* for each welfare state to protect its own citizens against vulnerability on the basis of compassion.

I would indeed argue that in a ‘European Social Union’ – a true union of welfare states – two complementary logics can apply legitimately with regard to social citizenship if they are applied conjointly:

- 1) Economically active citizens have the right to take up employment opportunities across borders, and on the basis of employment they – and those who depend on

¹⁴ Art. 6 Directive 2004/38/EC

¹⁵ *Dano*, C-333/13, EU: C: 2014:2358, para 78, emphasis added.

them – ‘earn’ non-discriminatory access to all social benefits in the Member State where they work, including protection against the consequences of involuntary inactivity (unemployment, illness). National regulations that guarantee fairness in labour markets apply fully to them. This serves both a pan-European notion of equal access to employment opportunities and the purpose of social cohesion in each welfare state.

- 2) A non-active citizen who needs protection cannot simply rely on any Member State of his (or her) choice: his nationality determines the Member State which is first and foremost responsible for his protection. Under carefully delineated conditions, another Member State to which he has no bond of nationality is allowed to say that the non-active citizen’s social protection would create an ‘unreasonable burden’ on its welfare state (these conditions must substantiate that, in the absence of a real link with the host Member State, the right of free movement was exercised solely in order to benefit from the host state’s social assistance). In contrast, it would be ‘unreasonable’ for any Member State not to provide adequate social protection for its national citizens, whatever the causes of their vulnerability and dependence.

Obviously, setting the boundaries between these logics is a complex task and raises many questions, such as: What is the threshold of activity that grants access to the whole range of social benefits in a Member State for non-nationals? What are the exact conditions under which the notion of ‘unreasonable burden’ can be applied, and what is the role played by criteria of ‘integration in the host country’ to show a ‘real link’ with that country? Which benefits for non-active citizens should be seen as facilitating access to the labour market and job-search (and hence not be restricted to nationals)? In short, the reciprocity that a Member State can demand from nationals from another EU Member State must be judiciously defined. Also, next to principles that apply to labour markets and income protection, a space of European social citizenship needs specific principles in the domains of education and health care.

Moreover, there is no denying that tensions exist between national welfare policies and free movement, so conceived, and that cross-border mobility can act as a *de facto* constraint on specific policy strategies, such as in-work benefits for low-wage workers. In addition, and importantly, if these logics lead to a regime of ‘enter at your own risk’ (whereby residence of non-active non-nationals is *de facto* tolerated, without guarantee of protection), this may lead to precariousness and marginalization of non-nationals. The latter concern is articulated and empirically illustrated in an important paper on the subject by Heindlmaier and Blauberger (2017). To avoid any misunderstanding, I am not implying that, today, the

EU and its Member States apply such these complimentary logics carefully and consistently: both with regard to ‘fair mobility’ and minimum income protection for the non-mobile citizens there is an agenda to be taken up. However, these complexities, tensions and risks do not make these complementary logics illegitimate as a general framework for regulating social citizenship in the EU: they are not only expedient with a view to popular acceptance, but defensible on the basis of principles of justice.

Basic income sits uneasily with this logic, since one and the same instrument serves purposes of (basic) protection for the non-active and fairness in labour market conditions for the active: it cannot support the active if it does not support the non-active in an identical way, ‘no questions asked’. Reconciling free movement and the social cohesion of welfare states requires a notion of reciprocity: giving up on ‘reciprocity’ – as is the case with basic income – may create ‘exit options’ for citizens, but is only feasible in countries that firmly limit ‘exit options’ for citizens emigrating from other countries. This explains why it is very hard to fit national basic income in a consistent and legitimate logic of free movement and non-discrimination. But my conclusion goes beyond the basic income debate *per se*. With reference to the famous concept of ‘embedded liberalism’, the conclusion signals the need for a concept of ‘embedded openness’: international openness requires national and regional communities of reciprocity to be socially and politically sustainable.

5. Pan-European basic income: an appropriate answer to the EU’s social predicament?

VP&V argue that, with a view to basic income, one “can and must tread several paths simultaneously” (VP&V: 244): steps towards basic income in national welfare states, steps towards global basic income and steps towards a European basic income. They not only see a complementarity (the stronger the global or European basic income, the more sustainable a national basic income), but they also call upon a specific European argument in support of a pan-European basic income: pan-European basic income would be the best solution to solve problems of European integration, such as the pressure weighing on national systems of redistribution as a consequence of the single market and selective immigration and emigration, the viability of the Eurozone, and the need for a social dimension to the European project at large. A pan-European basic income would contribute to “saving from extinction the so-called European social model” (VP&V: 231), whilst bolstering the future of the EU.

VP&V focus on two challenges to the European project: stabilization and selective migration. Their argument was already developed in earlier work (Van Parijs and Vanderborght, 2015) and this earlier work has been taken up and expanded by Viehoff (2016). Viehoff adds a third

challenge to which he (Viehoff) considers basic income an appropriate answer: the maintenance of decent minimum wages. I will first discuss VP&V's stabilization argument, and then turn to Viehoff's argument on minimum wages; I will then return to the argument on selective migration.

5.1. Pan-European basic income and stabilization

National welfare states have built-in automatic stabilizers that smooth cyclical shocks: unemployment benefits and the progressive character of income taxation play a key role in this. In contrast to other currency areas, such as the United States, the European Monetary Union lacks a stabilization capacity at the central level. There is a relatively widespread (though not unanimous) agreement among experts that the European Monetary Union would benefit from automatic fiscal stabilizers at the Eurozone level. Different proposals have been formulated, such as the organization of a European Unemployment Benefit Scheme or a Eurozone re-insurance of national unemployment insurance benefit systems.¹⁶ VP&V (and Viehoff) argue that a pan-European basic income would provide a solution to that problem. However, as VP&V admit, with a view to stabilization, basic income is less efficient than unemployment insurance. First of all, unemployment benefits are an important stabilizer because they constitute a replacement income that kicks in when people lose their job. In contrast, a transfer that always supports household incomes, whether or not people are hit by unemployment, has much less power in terms of stabilization: the benefit provides a steady stream of income, but the income loss, created by the loss of one's job, is not compensated for. Therefore, compared to unemployment insurance, a universal and unconditional benefit is a sub-optimal solution, if stabilization is the main purpose, precisely *because* it is universal and unconditional. In addition to the former argument (which is recognized by VP&V), there is a second sobering argument: in the richer countries of the EU, 200 euro per month (with upward adjustment on the basis of purchasing power parities), is, qua level of benefit, too low to have a meaningful stabilization impact when their economies are hit by a cyclical shock. Even for Member States that are poorer, 200 euro per month (adjusted downward on the basis of purchasing power standards) is relatively low, although not marginal.

For a benefit system to be an effective macro-economic stabilizer it needs two features: it has to kick in when people lose income; and most importantly, it's level should stand in a certain relation to the level of average wages in the country where it is to operate. In yet other words,

¹⁶ See Vandenbroucke (2017) for the rationale of re-insurance; Beblavy et al (2015) also discuss the rationale for a European unemployment benefit scheme, provide a survey of the literature and assess different proposals.

the defining features of an instrument which purpose is to stabilize a set of heterogeneous welfare states with very diverse levels of wages, are exactly opposite to the defining features of a pan-European basic income.

An additional remark concerns the funding proposed by VP&V (and Viehoff): they opt for an increase of VAT at a European-wide scale. With a view to stabilization, VAT is less adequate than funding systems based on personal income taxation or social security contributions. This is not my main point of criticism, but it is useful to elaborate upon it, as it illustrates a more general observation about the role of national institutions versus the role of European institutions. VAT is in a more or less linear way related to consumption expenditure. Hence, to the extent that people reduce consumption during a period of crisis, there is a certain (Keynesian) stabilization effect because government revenue declines whilst the associated government expenditure (basic income) is not diminished. However, the stabilization impact of personal income taxation or social security contributions is much stronger. The progressive character of income taxation directly mitigates the *income* shock hitting people when they lose their job. And, *qua* government revenue, both progressive income taxation and social security contributions react in a stronger, non-linear way to employment shocks than VAT. VP&V prefer VAT above personal income taxation or social security contributions, because of the complexity and political sensitivity of personal income taxation and social security systems. In their earlier work, they linked this choice to a more fundamental observation: “Personal income taxes, like means-tested benefits, therefore, are likely to remain a national prerogative” (Van Parijs and Vanderborght 2015: 239). The flip side of this argument is the following: *at the national level, stabilizers are effective to the extent that they can be interwoven with institutions that are likely to remain a national prerogative.* This does not mean that the Eurozone cannot be equipped with a specific stabilization device at the Eurozone level: but the best solution is likely to be a combination of (i) the requirement that national stabilization systems be as effective as possible and (ii) support for such effective national stabilization institutions at the Eurozone level. Pan-European support for national unemployment insurance system can be provided by an intergovernmental ‘re-insurance’ agreement: this means that an interstate insurance contract is agreed, which does not create direct links between an EU fund and individual EU citizens but operates at a purely intergovernmental level. A true re-insurance scheme can be designed in such a way that no member state will be a permanent beneficiary (see Beblavy et al, 2015); the objection by VP&V that “richer countries could turn out to be net beneficiaries” of such a re-insurance scheme and that it would “plant the seed of permanent conflict” (VP&V: 234) is without basis. The latter argument is moreover surprising in the context of a plea for pan-European basic income: a pan-European basic income is mainly a redistributive instrument, with at

most a minor stabilizing impact; a European re-insurance of national insurance schemes is a cooperative scheme based on the mutual benefit of insurance, and explicitly not redistributive.¹⁷

5.2. Pan-European basic income and minimum wages

In this subsection, I draw upon an argument by Viehoff (2016) on minimum wages, which is not present in VP&V's work. It is congenial to VP&V's rationale for pan-European basic income, in this sense that Viehoff sees downward pressure on minimum wages also as a challenge of European integration which can be answered by pan-European basic income. It is useful to take it on board here, since the respective merits of minimum wages and basic income are an issue in the literature on basic income.¹⁸

Viehoff contends that pan-European basic income “does present a relatively simple way of indirectly introducing minimum wage regimes: after all, what it does is to increase the reserve price of cheap labour” (Viehoff 2016: 19). Apart from the fact that the level of basic income envisaged by VP&P and by Viehoff is low, even compared to minimum wages in less developed countries of the EU, the way in which this argument is formulated is disputable: it suggests a direct and simple relationship between the level of an unconditional basic income and the ‘reservation wage’, whilst that relationship is more complicated. In standard economic analysis, the reservation wage is the lowest wage rate at which a worker would be willing to accept a particular type of job. For a worker entitled to unemployment insurance, the unemployment benefit level is a crucial determinant of his reservation wage, since it cannot be combined with earning a wage income, for which it is an alternative. In a highly simplified representation, discarding all other variables influencing search behavior on the labour market, the worker will not accept a job which weekly wage is below the weekly unemployment benefit he is entitled to, because that decision would lead to a reduction in his income. The relationship between an unconditional basic income and the reservation wage is less clear-cut, even in the most simple presentation of job search behavior. For sure, the unconditional basic income creates what is called an ‘income effect’ on the labour supply function of the worker: this income effect normally implies that, for any given wage rate, the worker’s labour supply will be less than in a counterfactual without basic income. This change in the supply function in turn puts upward pressure on the wages that will obtain in the market as a result of the forces of supply and demand. However, the unconditional basic

¹⁷ See Vandenbroucke (2017) on re-insurance and Vandenbroucke (2016) for a further normative exploration of re-insurance and redistribution in the context of a ‘European Social Union’.

¹⁸ See Rogers (2017) for a discussion forum on this topic, including a reaction by Van Parijs. Rogers (2014) explores normative arguments for minimum wages with ample references to the basic income literature. I thank Juliana Bidanure for drawing my attention to this discussion forum and Rogers’ paper.

income does not create a wage 'floor' below which the worker will not want to work. With a universally accessible unemployment insurance benefit of X euro per month, unemployed individuals will not accept a job paying less than X euro per month (sticking to the most simple presentation of the problem); with an unconditional basic income of X euro per month, people will normally ask more pay for any given job, but there is no reason why they should not accept a job paying less than X euro per month, and the extra pay which they will want to obtain (for any job offer) may be only a fraction of X.

Admittedly, if 'no work' means 'no income', the 'income effect' of an unconditional basic income is very important at the bottom end of the wage scale. 'No work' might mean 'no income', either because there is no unemployment insurance in the society under review, or because the individual refuses the conditions attached to unemployment insurance (such as the acceptance of jobs he/she does not like). To clarify the issue, it is useful to work with extreme examples. Let us suppose, for the sake of the argument, that an unconditional basic income of 200 euro per month is granted in a country in which this amount corresponds to a 'subsistence level': it allows the individual to survive. Let us also suppose that there is no minimum wage in this country and that unemployment insurance pays out 5 euro per hour of unemployment, but is conditioned on accepting *any* job offer, even at the lowest wage rate, and even if the job would be limited to only a few hours (let's suppose that the number of hours 'in unemployment' would be calculated as 40 minus the number of hours worked, on a weekly basis). Imagine that, for any job on offer, the individual can freely choose the number of hours he works in that job. What would be the behavioural impact of this scenario? If the individual has the choice between a job paying 1 euro per hour or no job (and, hence, only 200 euro monthly income), it is conceivable that he prefers to survive with the 'no job' option. The 'income effect' creates the 'exit option' which is crucial in the argument for basic income. If the individual is offered a job of 5 euro per hour, he/she might accept the job, but the 'income effect' created by basic income will reduce the number of hours he/she is willing to work. If the individual is offered a job of 10 euro per hour, the income effect will still play a role, but its actual impact on the number of hours worked might be very limited. Let us now suppose, in an alternative policy scenario, that there is no basic income, but that one can refuse any job paying less than 10 euro per hour without losing one's right to unemployment insurance. In the alternative policy scenario, a wage floor is created below which no one will work, not even for one hour: this wage floor is equal to the unemployment insurance of 5 euro per hour (it might be more, but it could also be a little less, depending on additional hypotheses which we need not discuss here: the essence is that a wage floor is created by the combination of unemployment insurance and a qualified definition of 'work conditionality' which takes into account the quality of jobs; this wage

floor is higher than the wage floor generated indirectly by basic income). Obviously, a variant of the alternative policy scenario would consist in implementing a minimum wage, below which no job can be offered by employers. In the simple example presented here, a minimum wage might take over from unemployment insurance in setting a wage floor; however, in the actual practice of welfare states, well-organized unemployment insurance creates a set of differential wage floors (a range of reservation wages) depending on the salary earned by individuals before they lost their job (hence, most often depending on their skill level); these reservation wages surpass the minimum wage level.

The disadvantage of unemployment insurance is that it can imply an unemployment trap: with an unemployment insurance of 5 euro per hour, and given some leeway offered with regard to jobs the unemployed individual can refuse, he might not take up jobs paying 7 or 8 euro per hour because the net gain is only 2 or 3 euro per hour: with basic income that inactivity trap does not exist.

With regard to means-tested benefits, the analysis is different but congenial for the issue at hand: means-tested benefits do not create an 'exit option' if there is a work-conditionality attached. If the work-conditionality is qualified with respect to the quality of the jobs that are to be accepted, they create a 'floor' below which individuals will prefer not to work rather than to accept those jobs. Simultaneously, means-tested social assistance can create significant inactivity traps.

The example explains why defenders of basic income can, on the one hand, argue that basic income fundamentally strengthens the bargaining position of individuals by creating an exit option, and on the other hand, affirm that it has a favourable impact on work incentives, when compared to unemployment insurance (or means-tested benefits, for that matter). Next to emphasizing the importance of the exit option, VP&V and Viehoff indeed underscore the 'superiority' of basic income with regard to its labour market incentive effects.¹⁹ Although disincentives are a corollary of the reservation wage created by unemployment insurance, one should avoid a one-sided view on this: historically, creating a reservation wage was one of the explicit aims of unemployment benefits, not only for the low-skilled but also for the high-skilled. Returning to our discussion: if one believes that 'social dumping' is a corollary of the readiness of workers in less-developed welfare states to accept badly paid jobs (Viehoff 2016: 12 and 19), an unconditional basic income set at a uniform European level is a poor

¹⁹ According to VP&V, basic income creates an exit option, but is also an instrument of activation since it allows to "get rid of unemployment traps" (VP&V: 25): "Being obligation-free, basic income can help to 'de-commodify' human labour; but being universal, it also helps to 'commodify' the labour of people who would otherwise remain excluded." (VP&V: 27). The incentive point is also stressed by Viehoff (2016: 6).

instrument to prevent this from happening. The instrument needed is a combination of adequate unemployment insurance and policies with regard to the quality of jobs in each of the Member States. The quality of jobs should be considered a matter of common concern in the European single market. Job quality is supported by the combination of minimum wages and a nuanced notion of work-conditionality in the context of unemployment insurance – i.e. a conditionality that does not force unemployed people to accept any job, however lousy it may be.

Decent unemployment insurance and minimum wages are country-specific: their level must depend on the average level of productivity in each individual welfare state. One should note that my foregoing argument is based on the nature of basic income, but it holds *a fortiori* for a pan-European basic income, which level would be independent of the national productivity level and less than the existing minimum wage in all Member States.²⁰ Worse, if someone would propose to substitute pan-European basic income for existing regimes of unemployment insurance and minimum wages (which is not proposed by VP&V or Viehoff), the result would be more social dumping, rather than less. Given the existing systems of unemployment insurance and minimum wages, its impact would, in all probability, only be marginal. If social dumping is a concern, the relevant actions are: improving unemployment insurance, generalizing universal systems of minimum wages, and reforming the system of posting.²¹

5.3. Pan-European basic income and selective migration

VP&V see pan-European basic income also as an answer to the pressure of intra-European migration on welfare states in the EU. More precisely, they argue, first, that “[c]ross-border redistribution would reduce not only selective migration, but migration generally in a context in which it can plausibly be regarded as excessive.” (VP&V: 231), and, second, that pan-European basic income is the best way for organizing cross-border transfers in the EU.

As a matter of fact, intra-European migration seems more motivated by labour market opportunities than by differences in benefits.²² Would a pan-European basic income reduce labour migration from low-income countries to high-income countries? The previous section shows that, a priori, the impact of a European basic income at a relatively low level (low compared to minimum wages and existing unemployment insurance systems) on the overall

²⁰ The lowest monthly minimum wages across the EU, according to Eurostat, are in Bulgaria (235 euro), Romania (318 euro), Latvia and Lithuania (both 380 euro) (data for 2017S2, accessed on 18 July 2017).

²¹ Viehoff also refers to the need to reform the posting regime (2016: 19).

²² The survey in European Commission (2016) underscores the importance of employment opportunities in an analysis of pull and push factors explaining migration.

labour supply is difficult to predict. Would such a European basic income in low-income Member States lead to a relative reorientation of their labour supply towards their domestic labour markets, i.e. would it act as a disincentive for labour migration *per se*? Since it would add a comparable supplement of purchasing power to any earned income across all Member States, it would reduce the *relative* difference between income packages one can obtain by working in high-income countries and income packages one can obtain by working in low-income countries. If we take it that people migrate with a view to jobs that allow them to earn more than jobs in their home country, which implies contributing more to the pan-European basic income, *absolute* income differences that motivate migration would also be somewhat reduced. Differences in employment opportunities would not be affected however. Whether or not such income effects would generate a significant impact on the orientation of labour supply (and hence, migration) can only be established by empirical research: a priori, not very much can be said about this.²³ The upshot of this argument, however, is the following: if (selective) migration is considered a problem for the EU, the priority should be to improve employment prospects in countries of emigration, rather than transferring money to fund a basic income.

6. The rationale for basic income and the social dimension of the European project

The philosophical starting point of VP&V's case for basic income is compelling: we all benefit from a common inheritance, for which none of us did anything; it was given to us freely by nature, technological progress, capital accumulation, social organization, civility rules, and so on; hence, the question arises how to distribute this *gift* fairly. According to VP&V, the distribution should create 'real freedom for all'; more precisely, the distribution should 'maximin' the individual 'gifts' that form the basis of real freedom. A uniform and unconditional basic income, given to all and pitched at the highest sustainable level, ensures that those who receive least (by way of material basis for their exercise of real freedom) receive as much as is durably feasible. This argument has been developed by Van Parijs on the basis of a set of sophisticated arguments in various earlier publications, notably his 1995 book *Real Freedom for All: What (If Anything) Can Justify Capitalism?* Although VP&V's 2017 book promises a non-partisan, comprehensive and critical synthesis of the literature on the subject (VP&V: 2), the normative discussion it provides is unsatisfactory on two counts. The first weakness concerns the role of public services, such as education and health care.

²³ In the context of his proposal to introduce a basic income in NAFTA, Howard (2007: 14 and 17) mentions the fact that decreasing poverty might even increase migration from poorer to richer regions: a basic income would give the poorest additional resources to migrate. For what they want is not in the first place a minimum, but better paying work.

The second weakness concerns the comparison of basic income and wage subsidies. Both weaknesses reflect the absence of a comprehensive discussion of alternatives to basic income.

6.1. A gift in cash or in kind?

An unconditional gift that benefits everyone must not be confined to cash income: public services such as education, healthcare, child care, elderly care... are fundamental to individual human flourishing and real freedom. Hence, the question arises on the basis of which principles the 'gift' that can be distributed unconditionally (without counterpart) should be allocated to the development of these services on one hand, and cash income on the other hand. In yet other words, if basic income is the substratum of real freedom, to which extent should it be delivered 'in cash', and to which extent should it be delivered 'in kind'? As already indicated, VP&V are adamant that basic income must not be a substitute for the public funding of "quality education, quality health care, and other services". But how should we decide on the relative priority of basic income on the one hand, and universal public services on the other hand? This question is mentioned in the book, but it receives only a cursory treatment. The only hint one gets is the following: "[I]t makes sense not to give the whole of this highest sustainable income in cash, but to allocate part of it in particular to free or heavily subsidized education and health care and to the provision of a healthy and enjoyable environment, at the cost of a lower cash basic income. How should the total amount be shared between these various components? There is no neat and general answer to this question, but a simple thought experiment should provide rough guidelines: Suppose we had nothing but the income that can be paid unconditionally to all, and knew nothing about our own life expectancy, health state, and other risks. How would we want it to be spread over our lifetimes, and how much would we want to be earmarked for specific expenditures?" (VP&V: 104). A footnote to this passage reveals that, for VP&V, one of the issues to be addressed by this hypothetical choice behind a veil of ignorance is inequality related to handicaps. However, education, health care and care are about much more than remedying inequalities related to handicaps. Education, care and health care play a fundamental role in creating and maintaining the intellectual and physical capabilities and autonomy of every citizen. This role is bound to increase: just think about the persistent progress in medical science and technology, which necessitates a steady increase in public health care expenditure for the foreseeable future, at least if equal access to medical treatment is an objective of policies.²⁴ Next to the need to keep health care affordable for

²⁴ In the long run, it is not only perfectly legitimate that an increasing share of income (and hence, of GDP) should be spent on health; it is also what one would rationally expect, given the importance individuals attach to

everyone, in many European welfare states, the need for investment in early childhood education and care (and education at large) is high. This was the core message of Esping-Andersen's *Why we need a new welfare state?* (2002) and is meanwhile the subject matter of a large literature on 'social investment' (see Hemerijck, 2017, for a recent survey). As in much of the literature on basic income²⁵, VP&V suggest an implicit *priority* to the *expansion* of cash benefits in the future agenda for welfare states: this priority is unwarranted without further argument. The question at hand can indeed be reversed: suppose the priority investment of the common 'gift' which we inherit is in capacitating services that support human flourishing and freedom, what would be left for unconditional basic income, if the need for capacitating services is increasing and will keep increasing in the foreseeable future?

The question of public services is particularly relevant in the context of migration. Arguably, the main pressure on welfare states created by migration – including free movement within the EU – is not on cash benefit systems but on services, both in terms of quantity (think about public housing) and in terms of quality (think about the need for quality early childhood care and education, which is crucial for the socialization of migrant children). If we want to make a success of migration, both in terms of the economic valorization of human capital and in terms of its social and political sustainability, social investment is the priority *par excellence* – much more so than granting a basic income.

6.2. Basic income or wage subsidies?

VP&V compare basic income with wage subsidies (VP&V: 44-45). Their remarks on wage subsidies refer to a well-known proposal by Edmund Phelps. Since Phelps' explicit objective is to increase economic activity, VP&V dismiss it because it contradicts a principle of liberal neutrality with regard to conceptions of a good life; this liberal neutrality is key in VP&V's rationale for basic income. Taking Phelps as the only reference is however slightly unfair with regard to the idea of wage subsidies. Van der Veen (2004) provides a thorough discussion of basic income and wage subsidies as competing instruments with which the 'real freedom' of the least advantaged can be maximized. In this formal and simplified analysis, the metric of 'real freedom' is based on the set of income-leisure opportunities available to

healthy life years (Hall and Jones, 2007; Murphy and Topel, 2006). Increasing health care spending may well be the most important source of budgetary pressure facing welfare states in the future, and for good reasons.

²⁵ To my knowledge, the literature on basic income is mostly silent on the role of education, health care and care as potential forms of 'basic income in kind'. An exception, to some extent, is White (2010), who discusses arguments for a 'Basic Capital' granted to every young adult (which can be seen as a variant of the basic income idea) in the light of arguments for higher education subsidies. White's discussion raises interesting questions. However, it does not address the priorities advocated by proponents of social investment; a social investment strategy would not focus on a high level of subsidization of higher education as a priority *per se*.

individuals (any income-leisure opportunity set is characterized by a trade-off: to increase earned income, one has to sacrifice leisure). Basic income is funded by taxing wages. Van der Veen shows how wage subsidies enlarge the set of feasible redistributive policies by adding a competing instrument, which can also be funded by taxing wages. However, the additional policy instrument also requires additional information on what happens in the labour market: if information is available with regard to the hours worked by individuals, uniform wage subsidies can be added to the hourly wages earned by individuals.²⁶ In this simplified model, the hourly wage rates match the productivity of workers as perceived by the market, and the number of hours worked is a measure of their 'effort'; hence, the total wage subsidy received by a worker is proportional to his or her effort. In this simplified model, people are held responsible for their effort (the hours worked), but not for their productivity. Thus, the combination of taxation of wages and wage subsidies compensates for differences in productivity, for which we do not hold workers responsible. Van der Veen shows that adding the instrument of a uniform wage subsidy generates an array of feasible policies besides the basic income maximizing policy. If maximizing the opportunity set of the least advantaged is the policy objective, there is no unique, unambiguously 'optimal' choice between basic income and wage subsidies. The choice among these policies must be guided by distinct normative criteria which *supplement* the objective of maximizing the opportunity set of the least advantaged. Van der Veen then shows that, in the limited world of the theoretical model, most of these supplementary normative criteria will be compatible with, or actually select, the zero basic income policy and reject the basic income maximizing one. One example of such a supplementary principle, mentioned by van der Veen without endorsing it, is White's 'egalitarian reciprocity': "entitlements to a share of the benefits of social cooperation in a society that confers equal or maximin opportunity are to be conditional on people's willingness to make a productive contribution in return, provided that they are able to work." (van der Veen, 2004, p. 162-163).²⁷ Thus, the model fundamentally challenges the thesis that dispensing the highest sustainable unconditional income is uniquely justified by a liberal egalitarian ideal which incorporates considerations of efficiency and individual freedom. *Contra* one of the arguments in favour of basic income, which emerges strongly in VP&V's brief discussion of Phelps' proposal for wage subsidies, Van der Veen asserts that wage subsidies need not be in breach of a liberal principle of neutrality.

²⁶ Van der Veen elaborates upon an optimal taxation model proposed by Vandenbroucke (2001), in which the link between additional redistributive instruments and available information is crucial.

²⁷ Van der Veen refers to publications on basic income and egalitarian reciprocity by White in 1997 and 1999; for recent discussions of basic income by White, with reference to the idea of reciprocity, see also White (2003) and, finally, White (2013), in which he indicates that the reciprocity-objective against basic income might not be decisive.

However, van der Veen subsequently adds nuance to the conclusions of the theoretical model by invoking the real world. For instance, wage subsidies have a negative impact on individual's propensity to invest in the development of their productive skills. Also, in the real world welfare states provide safety nets. He concludes that, in the real world, basic income might in the end be preferred to wage subsidies, if the objective is to guarantee a subsistence level of income to workers as existing welfare states typically do (whereby, at some point no further questions are asked about the individual causes of poverty and dependence, i.e. whereby the account of personal responsibility is mitigated), and if the normatively preferred rate of redistribution (with either basic income or wage subsidies) is well beyond that of the typical welfare state baseline. *If these conditions are fulfilled*, in conjunction with some specific empirical assumptions, the lifetime opportunities of marginal participants in contemporary labour markets are likely to be unnecessarily curtailed, were the government to dispense wage subsidies instead of a basic income; we are not in need of supplementary principles to make up our mind, and will decide in favour of basic income (van der Veen, 2004: 180).²⁸ The OECD's simulations on basic income suggest that for basic income to do better than existing minimum income guarantees for those who rely on them, public spending and tax revenues would have to go up significantly in many welfare states (OECD, 2017: footnote 2). However, my aim is not to elaborate on this dimension of the basic income debate (which needs empirical refinement and further argument), but to focus on the link between social entitlements and 'effort' which differentiates wage subsidies from basic income.

Before pursuing that debate, two additional *caveats* with regard to the real world should be noted. In addition to the real world qualifications discussed by van der Veen, one should also note that the feasibility of wage subsidies might be limited by evolutions in labour markets, such as the rise of new types of atypical employment which make it harder to assess 'effort' on the basis of 'working time' or even hard to assess whether someone is working at all. Basic income derives its plausibility precisely from the observation that it may become more difficult to tie social social-protection entitlements and contributions to an individual's employment status. This does not mean that wage subsidies are impossible: but the applicability of fine-grained wage subsidies might be limited to sectors and activities in

²⁸ There should be no misunderstanding about the fact that van der Veen supports arguments in favour of a basic income concept. With regard to the normative rationale for basic income, van der Veen's work on basic income parts company with Van Parijs on the following issue: even if we accept that taxing all market sources to secure the highest sustainable revenue captures the part of the value of 'gifts' to which people have unequal access in the real world (Van Parijs' starting point), the fair way of sharing out the tax yield must include a work-conditional component, according to van der Veen. This need not rule out a basic income, but in general it does rule out the largest sustainable one (van der Veen, 2011).

which the assessment of ‘working time’ remains possible,²⁹ or their coupling with ‘effort’ might have to be less fine-grained than in the ideal model. A second *caveat* concerns the notion of fair minimum wages: whilst wage subsidies allow to compensate individuals whose economic productivity is relatively low, a regime of wage subsidies should not allow employers to be freed across the board from the responsibility of respecting and paying fair minimum wages. What a fair minimum wage amounts to, is a matter of social bargaining and/or political deliberation. There are arguments, both in terms of fairness, in terms of creating an EU-wide level playing field, and with regard to the sustainability of migration, for obliging private sector employers not only to respect minimum wages but also to bear their costs (if not fully, then at least to a significant extent; with due exceptions, for instance for employers engaged in protected employment).

Given the pressures on labour markets caused by automation and outsourcing, combinations of wage subsidies (or, more generally, in-work benefits) and minimum wages might play an important role in the ‘egalitarian toolkit’³⁰ of the future, notably to create opportunities for meaningful and decent work that allows people to earn good incomes. Wage subsidies share a fundamental feature with in-work benefits, such as an ‘Earned Income Tax Credit’: although an Earned Income Tax Credit is not tied to individual hours worked, it links a social entitlement to a degree of productive effort.³¹ In short, their legitimacy calls upon a notion of productive reciprocity. For this reason, they fit into a rationale of non-discriminatory access to social benefits for migrant workers based on ‘earned social citizenship’. They might be particularly useful in an *egalitarian toolkit for the European Union*.³²

²⁹ The Belgian system of ‘service vouchers’ might be seen as a sectoral implementation of the rationale for wage subsidies in a sector in which ‘working hours’ still are an unproblematic metric: domestic cleaning (see Vandebroucke (2015) for a defense of such a scheme, also in terms of fair respect for low-skilled labour, and Yurovich and Marx (2017) for discussion and criticism).

³⁰ I was inspired by White (2015) to borrow this expression from Anderson (2008).

³¹ VP&V (40-43) discuss EITC; they see some merits in EITC if it is combined with means-tested minimum-income schemes, albeit that such a combination is seen as suboptimal compared to basic income; they condemn a stand-alone EITC policy because it has the disadvantage of “doing nothing for the jobless” and “only serves as boon for low-wage employers” (quoting approvingly Andy Stern, who adds “If the EITC did not exist, theoretically people would be less willing to take low-wage jobs”) (VP&V: 42). The latter criticism seems less relevant if EITC is combined with a regime of fair minimum wages, cf. my remark on wage subsidies in the body of the text. Kenworthy (2014) underscores the merits of in-work benefits in his plea for a ‘social democratic America’, but simultaneously emphasises that they must be combined with a sufficiently generous general minimum wage scheme, which means that employers have to do their part of the income protection of low-productive workers.

³² See Vandebroucke (2016) and references therein for the relationship between the idea of a ‘European Social Union’ and egalitarian principles.

7. Conclusion: a conundrum rather than a solution for the EU

Is it possible to fit national strategies to introduce basic income in a consistent and legitimate logic of free movement and non-discrimination for the EU? In this paper, I sketched such a logic, which distinguishes the treatment of active citizens from the treatment of non-active citizens. Whilst it puts limits on the principles of free movement and non-discrimination for non-active citizens, it assigns a duty to EU Member States to provide adequate income protection for their national citizens, whatever the causes of their vulnerability and dependence. This logic, which calls upon broad notions of reciprocity and compassion, is not without inner tensions, problems of implementation, and risks; nor is my argument that, today, the EU and its Member States apply it consistently and carefully. However, reconciling free movement and the social cohesion of welfare states does require a notion of reciprocity: giving up on reciprocity – as is the case with basic income – may create ‘exit options’ for citizens within their country, but is only feasible in countries that firmly limit ‘exit options’ for citizens emigrating from other countries. A seemingly very ‘liberal’ concept (real freedom for all) thus ends with a less liberal conclusion. For sure, the notion of free movement defended in this paper does not imply unlimited ‘exit options’ on the basis of cross-border mobility. Basic income sits uneasily with this logic of free movement and non-discrimination because one and the same instrument serves purposes of (basic) protection for the non-active and fairness in labour market conditions for the active: it cannot support the active if it does not support the non-active in an identical way, ‘no questions asked’. That creates a conundrum for which there seems no solution. But my conclusion goes beyond the basic income debate *per se*. With reference to the well-known concept of ‘embedded liberalism’, the conclusion signals the need for a concept of ‘embedded openness’: international openness requires national and regional communities of reciprocity to be socially and politically sustainable; openness must be embedded in reciprocity.

VP&V contend that pan-European basic income is the best solution to solve problems of European integration, such as the pressure weighing on national systems of redistribution as a consequence of the single market and selective immigration and emigration, the viability of the Eurozone, and the need for a social dimension to the European project at large. This argument is unconvincing. The remedies to these problems are essentially different from a pan-European basic income. They need features which make them depart from the defining features of a pan-European basic income.

Nonetheless, the starting point of VP&V’s case for basic income is compelling: we all benefit from a common inheritance, for which none of us did anything; hence, the question arises how to distribute this *gift* fairly. However, there are alternative ways to distribute this gift:

free (or cheap) and excellent education, free (or cheap) and excellent health care; wage subsidies for people whose productivity is rated low by the market... More arguments are needed why basic income should be *the* priority amidst these competing claims on the gift constituted by past technological, economic and social progress. In fact, when we compare basic income with alternative policy options funded by the common gift from which we all benefit, the need to add a social dimension to the European project militates against rather than in favour of basic income, be it national or pan-European. In the context of migration, demographic ageing, and scientific and technological evolutions that will have huge impacts both on the nature of work and in the domain of health care, the priority for the EU is social investment and investment in public services at large. With regard to cash benefits, policies that support low-income workers by combinations of in-work benefits, minimum wages and adequate unemployment insurance fit best into the egalitarian toolkit needed by the EU – at least, if its aspiration is to be a ‘Union of Welfare States’ that reconciles openness and cross-border opportunities for all citizens with domestic social cohesion. Finally, minimum income protection needs to be improved for the non-active in many EU Member States; but, on the backdrop of the foregoing discussion and available empirical research (e.g. OECD, 2017), it is doubtful that basic income would easily outperform other instruments of income protection for the non-active.

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