

# **Which social policy for the EU: basic income, re-insurance, social investment?**

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## Background papers

- Vandenbroucke, Basic income in the European Union: a conundrum rather than a solution, *ACCESS EUROPE Research Paper 2017/02*, 01 August 2017

= my 'negative argument' against BI, with reference to arguments developed by Van Parijs and Vanderborght (VP&V) and Viehoff.

- Vandenbroucke, Addressing global inequality: is the EU part of the equation?, in: Patrick Diamond (ed.), *The Next Phase of Globalisation: Capitalism and inequality in the Industrialised world*, I.B. Tauris, forthcoming

= my 'positive argument' for re-insurance, minimum income protection and social investment, with reference to Milanovic's work on globalization and related publications

## Basic income (according to Van Parijs & Vanderborght, VP&V)

- Features:
  - Universal
  - Unconditional
  - Recipients must be members of a territorially defined community (fiscal residence)
- Rationale:
  - *A gift* to be distributed
  - Maximin *real freedom*

## VP&V 'European arguments' in a nutshell

- We should pursue both...
  - the separate introduction of basic income in individual European member states ('National BI')
  - the introduction of a pan-European basic income at the EU level ('Pan-European BI')
- Relationship with debates on EU integration:
  - National BI => 'firm limits on hospitality'
  - Pan-European BI would contribute to 'saving from extinction the so-called European social model'

## My claims ⇔ VP&V

- VP&V are unclear about the consequences of 'firm limits on hospitality' for the EU principle of free movement
- 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.
- 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. 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.

## On the nature of our arguments: 'pragmatic' vs. 'principled'

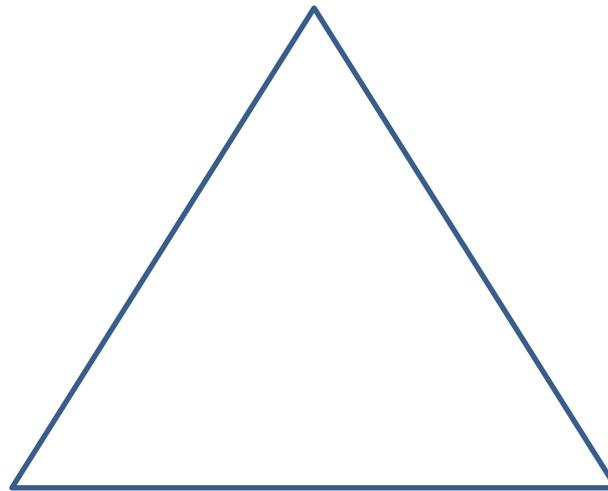
- BI = a better way to achieve what you wish

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- BI => you should reconsider what you wish

# On the nature of our arguments: 'pragmatic' vs. 'principled'

**Simplification & incentives**

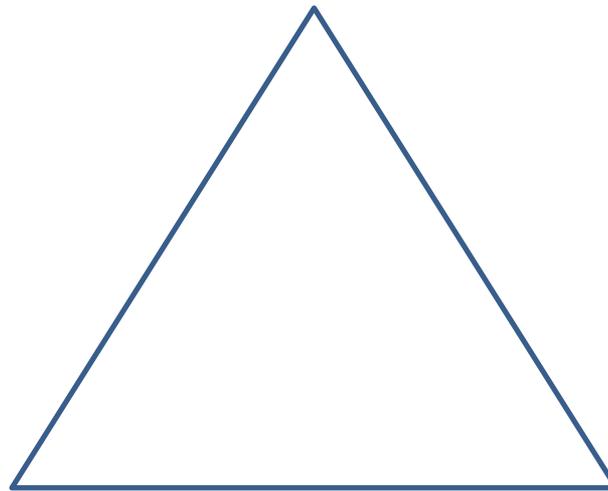


**Coverage of needs (poverty)**

**Economic affordability (spending)**

# On the nature of our arguments: 'pragmatic' vs. 'principled'

**Simplification & incentives**



OECD  
Luke Martinelli (IPR  
Working Papers, Baath)

**Coverage of needs (poverty)**

**Economic affordability (spending)**

# National basic income and cross-border mobility

- VP&V: 'The 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: A 'cruel dilemma'? A 'conflict between two components of real freedom' that can be handled
- The reality of benefit tourism: nuanced
  - mobility is motivated by employment opportunities
  - MS can refuse social assistance to non-active non-nationals
- BI  $\neq$  social assistance, but a key condition for a fair labour market
- VP&V reject 'soft' exclusionary strategies, such as waiting periods or a restriction of basic income to national citizens: '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.'
- A 'harder' exclusionary strategy is necessary: limits to free movement.

## **Freedom of movement and non-discrimination**

- 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?

## How can we justify free movement and non-discrimination (for workers)?

- European citizenship ◦ formal equality of access to employment opportunities across the EU
- An integrated market for services needs ‘posting’, and ‘posting’ needs ‘free movement of workers’, for mobility to be fair.
- Non-discrimination justifies and sustains the principle that we do not tolerate competition between different social systems in one territory.

# Active versus non-active citizens: 'earned social citizenship'

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 '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).
- 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.

# Active versus non-active citizens: 'earned social citizenship'

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- 2) A non-active citizen who needs social protection should not simply rely on any Member State of his (or her) choice: his national state of origin is the Member State which is first and foremost responsible for his social protection. Under carefully delineated conditions, another Member State to which he has moved of his own free will and of his own nationality is allowed to say that the non-active citizen's social protection should be provided by that state, provided that it does not create an 'unreasonable burden' on its welfare state (these conditions should be substantiated 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.

**National Basic Income serves both fairness in labour markets and protection of the non-active**

# Active versus non-active citizens: 'earned social citizenship'

Two complementary logics of citizenship are required to create 'earned social citizenship' if they are applied conjointly:

**Complex differentiation active/non-active**

- 1) Economically active citizens have the right to take up employment opportunities across borders, and on the basis of employment to 'earn' non-discriminatory access to all social benefits in the Member State where they are employed (including protection against the consequences of involuntary inactivity (unemployment, illness)).
- 2) A non-active citizen who needs social protection should primarily rely on any Member State of his (or her) choice: his nationality state which is first and foremost responsible for his protection. In exceptional conditions, another Member State to which he has no real link should be required to provide social protection if the non-active citizen's social protection would otherwise be seriously jeopardized in his welfare state (these conditions must substantiate that in the absence of a real link with the host Member State, the welfare state of the nationality state is insufficient to ensure the citizen'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.

**Bounded national welfare states**

**Openness**

# Pan-European BI: 'saving from extinction the European social model'?

- Stabilisation
- Selective migration
- Reservation wages against social dumping (Viehoff)

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- Stabilisation
  - Unemployment re-insurance is a superior solution
- Selective migration
  - Local employment creation is a superior solution
- Reservation wages against social dumping (Viehoff)
  - Unemployment insurance & minimum wages are a superior solution

# The rationale for BI and the social dimension of the European project

- A gift in cash or in kind? Real freedom and ‘personal autonomy’
- Cash: basic income or wage subsidies? See van der Veen:
  - If maximizing the opportunity set of the least advantage 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.
  - Dispensing the highest sustainable unconditional income is *not* uniquely justified by a liberal (neutral) egalitarian ideal which incorporates considerations of efficiency and individual freedom.

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# The rationale for BI and the social dimension of the European project

- A gift in cash or in kind? Real freedom and ‘personal autonomy’
- Cash: basic income or wage subsidies? See van der Veen:
  - If maximizing the efficiency objective, there is no unique, unambiguous answer. Cash and wage subsidies.
  - The choice among alternative criteria which supplement the efficiency objective is at least advantaged.
  - Dispensing the highest sustainable unconditional income is *not* uniquely justified by a liberal (neutral) egalitarian ideal which incorporates considerations of efficiency and individual freedom.

**However: under certain conditions, we will decide in favour of BI**

## ⇒ Which egalitarian toolkit for the European Union?

- Investment in education, health care, social services...; in-work benefits & minimum wages; unemployment insurance; minimum income protection...

## ⇒ A monetary union should be a true insurance union