

FIGHTING POVERTY IN THE EUROPEAN UNION

AN ASSESSMENT OF THE PROSPECTS FOR A EUROPEAN UNIVERSAL BASIC INCOME (EUBI)

Thesis presented by François DENUIT

with a view to obtaining the PhD Degree in Philosophy and Social Sciences (ULB - “Docteur en philosophie et sciences sociales”) and in Politics and International Studies (University of Warwick)

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Supervisors: Professor Amandine CRESPIY (Université libre de Bruxelles)

Centre d’Etude de la Vie Politique (CEVIPOL)
Institut d’Etudes Européennes (IEE)

and Professor Edward PAGE (University of Warwick)

Department of Politics and International Studies (PaIS)

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FRANÇOIS DENUIT

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GEM PhD School

Department of Politics and International Studies, University of Warwick

Department of Philosophy and Social Sciences, Université libre de Bruxelles

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LIST OF ABBREVIATIONS

EU Member States

AT Austria
BE Belgium
BG Bulgaria
HR Croatia
CY Cyprus
CZ Czech Republic
DE Germany
DK Denmark
EE Estonia
ES Spain
FI Finland
FR France
EL Greece
HU Hungary
IE Ireland
IT Italy
LT Lithuania
LU Luxembourg
LV Latvia
MT Malta
NL The Netherlands
NO Norway
PL Poland
PT Portugal
RO Romania
SI Slovenia
SE Sweden
SK Slovakia
UK United Kingdom

Miscellaneous

CEE Central and Eastern Europe
CJEU Court of Justice of the European Union
EAPN European Anti-Poverty Network
EC European Commission
EMU Economic and Monetary Union
EP European Parliament
EU European Union
EUBI European Universal Basic Income
EUBS European unemployment benefit scheme
GMI Guaranteed Minimum Income
MIS Minimum Income Schemes
MS Member States
NIT Negative Income Tax
PI Participation Income
PPP Purchasing Power Parity
PPS Purchasing Power Standards
TEC Treaty establishing the European Communities
TEU Treaty on the European Union
TFEU Treaty on the Functioning of the European Union
UBC Universal Basic Capital
UBI Universal Basic Income

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DECLARATION

I confirm that the submitted work contains neither material from any prior theses nor any material that has already been published. The thesis is my own work submitted for the joint degree of PhD in politics and international studies at the University of Warwick and in philosophy and social sciences at the Université libre de Bruxelles, under the Erasmus Mundus-Gem PhD School convention.

ABSTRACT

It is widely agreed that a society must guarantee a social minimum to all its members. Yet, the organisation of social protection within the European Union (EU) is insufficient to protect all Europeans effectively against the risk of poverty and social exclusion. Against this backdrop, this thesis investigates whether a European universal basic income (EUBI) is, if at all, a worthwhile policy to address the problem of poverty in the EU.

The central claim of the study posits that there are strong reasons to consider a partial EUBI as a desirable instrument for EU-wide poverty alleviation. Under this scenario, the EU works as a complementary welfare layer offering systemic support to its Member States' welfare models whilst respecting the diversity of national social protection arrangements. At the same time, as an instrument of pan-European solidarity, the EUBI provides substance to EU social citizenship.

The method used is problem-oriented and interdisciplinary, combining insights from political theory, political economy and EU studies writ large. After having laid out the various dimensions underpinning the problem of poverty in the EU and clarified the contours of the solution under scrutiny, the thesis confronts the EUBI with a series of challenges, ranging from normative issues associated with the unconditionality of the basic income and the pursuit of social justice in the EU, to the institutional hurdles pertaining to the legal feasibility of the proposal, via the macroeconomic difficulties related to the diversity of interdependent economies.

Overall, this contribution examines an idea which remains unexplored in EU studies and proposes a new approach to European anti-poverty strategy. It also bridges the gap between EU social policy and basic income literatures, beyond established boundaries of research compartmentalisation. As such, it prepares the ground for further fine-tuned research in the areas covered by this comprehensive multi-dimensional analysis.

INTRODUCTION

1. The European Union and its social self

It is widely agreed that a society must guarantee a social minimum to all its members, understood as the bundle of resources that a person needs in order to lead a minimally decent life in a given society (White 2015). The notion of social minimum thus appeals to the ways in which a society approaches the question of social justice and organises its system of solidarity. More particularly, it points to how a political community collectively understands and addresses the multifaceted problem of poverty and, in turn, to the set of institutions and policies that socially guarantees access to a socio-economic floor and ensure social inclusion to all members. With this in mind, in this thesis, I investigate whether a European universal basic income (EUBI), understood as a modest monthly cash payment distributed unconditionally to all Europeans as a top-up of national social benefits, constitutes a worthwhile policy to address the problem of poverty in the EU.¹ But before turning to the main question at hand, it is useful to provide some elements of context.

In the European Union, the right to a minimum level of resources based on some standard of decency is proclaimed by the Union's law. The European Charter of Fundamental Rights (hereafter the Charter) states that '[i]n order to combat social exclusion and poverty, the Union recognises and respects the right to social and housing assistance so as to ensure a decent existence for all those who lack sufficient resources' (art. 34(3)). The recently adopted European Pillar of Social Rights (hereafter the Social Pillar) reaffirmed that '[e]veryone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services' (art. 14, EU 2017). The EU's commitment to social protection² is also asserted in its general mission statement according to which the Union shall aim at 'full employment and social progress', 'combat social exclusion', and 'promote social justice and protection' (art. 3(3) TEU). Furthermore, Europe 2020, the vehicle for the EU policy agenda for a 'smart, sustainable and inclusive growth', has made the fight against poverty one of its main social policy objectives with the aim of reducing the number of people living in poverty and social exclusion by 20 million by 2020. In light of this, although the European Social Model (ESM) remains a poorly defined and polysemous concept, 'there can be little doubt that it encompasses

¹ I use the noun 'Europeans' to point to all citizens and legal residents of the EU. Similarly, I often use the adjective 'European' to refer to EU-related matters and the word 'citizens' to refer to both nationals and residents, except when stated otherwise.

² Whilst the terms 'social protection' are sometimes used in EU law as a synonym of social assistance in contrast with social security, I use the expression to encompass both insurance and assistance schemes.

the need to guarantee a decent minimum standard of living for all' (Figari, Matsaganis and Sutherland 2013: 3).

However, access to the social minimum is not effectively guaranteed for all Europeans. One in four Europeans is still at risk of poverty or social exclusion, that is, experiencing one of the three following forms of poverty: income poverty, severe material deprivation, or living in a low work intensity household (Eurostat 2018a). Moreover, despite important disparities across Member States (MS) and a timid recovery overall mostly reflected in the improvement of economic growth and employment rates since 2013, the overall European social map remains particularly worrisome, such that the prospects for the poverty target look rather dim (SPC 2017).

This is particularly puzzling as it points to the continuing inability for the EU and its MS to protect citizens against the risk of poverty and social exclusion. This problem stems from various sources, ranging from the social impact of the global financial and economic crisis and the crisis of the Economic and Monetary Union (EMU) followed by measures of budgetary austerity, to changing labour market dynamics affecting both individuals' economic security and welfare states capacities to respond to a series of 'new' challenges (e.g. 'atypical' forms of employment, ageing populations, disruptive technological change, globalisation of labour). It is also the result of long-standing difficulties pertaining to the organisation of social protection within the constraining environment of the multi-tiered European polity, an issue which became particularly salient with the political choices made in response to the euro crisis. In other words, the problem of poverty in the EU must be seen in light of the so-called 'social deficit' of European integration³, understood as the imbalance between its social and economic dimensions.

For EU scholars, the development of a 'Social Europe' is characterised by a well-known puzzle: the process of European integration (along with economic globalisation) had a 'destructuring' impact on European welfare states that has not been matched by equivalent compensation measures – a 'restructuring' – at the supranational level (Ferrera 2005). Moreover, the development of problem-solving capacities in social matters at the European level has been constrained by the structural asymmetry between the effectiveness of 'negative' integration (the removal of barriers to trade) and the political hurdles to foster 'positive' integration (the creation of common regulatory and distributive instruments at the supranational level), which is particularly difficult in the field of social protection given the diversity of welfare models in the EU (Scharpf 1999, 2002). This led many to consider that the construction of the EU followed a neoliberal trajectory favouring a

³ Simply put, European integration points to the process of transfer of national sovereignty to the European supranational authority (Milward 1992: 4).

market-making rather than a market-correcting approach of integration and marked by preference for economic liberalisation, the deregulation of labour markets and a residual approach of social protection considering the ‘modernisation’ of welfare systems through the prisms of financial viability and labour market flexibility (see Whyman *et al.* 2012: ch. 5 for a review). More recently, the reforms of economic governance in the EMU in response to the crisis, primarily focused on ‘sound’ public finance and ‘structural reforms’ oriented towards welfare retrenchment, further reinforced the marginalisation and the subordination of social objectives to economic ones (Ferrera 2014; Scharpf 2015; Crespy and Menz 2015a, 2015b; Copeland and Daly 2015). The effects of ‘austeritarianism’ (Hyman 2015) combined with the lack of instrument to address the structural defects of the monetary union (see e.g. De Grauwe 2018) proved to be negatively pro-cyclical (De Grauwe and Ji 2017) and increased social imbalances between MS (Andor 2017), putting a halt to the so-called ‘convergence machine’ that the EU used to be (EC 2017b: 8). The overall impact is also socially regressive, as shown by the deterioration of unemployment and minimum income benefits both in terms of coverage and financial adequacy (Bouget *et al.* 2015; Marchal, Marx and Van Mechelen 2016).

This state of affairs is not only problematic for individuals who suffer its social consequences. It also raises concerns about the future of the European project itself for two main reasons. First, it is widely acknowledged among scholars that upward social and economic convergence is a functional necessity for an operational EMU and the pursuit of further integration (see e.g. Vandenbroucke 2017d, De Grauwe 2018). Second, according to researchers investigating the so-called ‘populist backlash’, the EU’s market-making bias (along with fears of cultural dilution) fuels an anti-European sentiment, thereby eroding political support for the EU (Buti and Pichelmann 2017; De Vries 2018). What was already valid two decades ago is thus truer than ever: ‘it is no longer possible to evade the debate on Europe’s social identity at the risk of putting at stake the overall integration project itself’ (Maduro 2000: 2).

This is why the Juncker Commission proclaimed its ambition for a ‘triple-A on social issues’ (Juncker 2014) and its intention to put social matters ‘on an equal footing’ with economic aspects in the European Semester (i.e. the framework for the coordination of economic policies across the EU) (Thyssen 2014). Yet, whilst some consider that the shift of the European Commission’s post-crisis management towards more ‘progressive’ reforms focused on ‘social investment’⁴ reveals a ‘socialising of the European Semester’ (Zeitlin and Vanhercke 2015), others argue that non-binding

⁴ Social investment refers to ‘activation’ policies designed to strengthen people’s skills and reduce social risks to support their employment and social participation, in areas such as education, training, healthcare, childcare. See e.g. EC (2013).

social objectives remain trapped in an unfavourable trade-off with the binding rules of fiscal discipline (Crespy and Vanheuverwzijn 2017; Crespy and Schmidt 2017). Similarly, the freshly adopted Social Pillar offers a positive signal of the EU's will to address its social deficit (EU 2017a), but it is often seen as a mere repackaging of rights existing in the Charter and has mostly been met with scepticism so far given its reliance on soft law instruments and its incorporation in the Semester; worse even, if the Pillar proves to be unenforceable and ineffective, it risks creating further resentment and disillusion towards the European project (Sabato and Vanhercke 2017). In short, despite noticeable initiatives, the EU's response produced 'high hopes but low yields' (Vanhercke, Sabato and Bouget 2017). Furthermore, given that ideological and implementation biases inherited from the past are still at the heart of European socio-economic governance, it appears unlikely that 'things will be different this time', unless new radical initiatives are adopted (Schmidt 2015).

Undoubtedly, the challenges ahead extend beyond the sole social situation – some refer to the multifaceted set of economic, social and political difficulties faced by the EU as a 'poly-crisis' (Youngs 2018: ch. 1) –, but I contend, as put by De Wispelaere and Cassassas, that 'the key problem behind Europe's malaise [...] is the economic disenfranchisement of large parts of its population in the winner-takes-all-society' (2016: 284). Even if one argues that it is not the central issue, few would deny that reconnecting with the EU's promise of prosperity requires addressing its welfare conundrum in general and guarantee an effective access to the social minimum at the very least.⁵ This view is also at the heart of Europeans' preoccupations since respondents to a recent special Eurobarometer survey on the Future of Europe consider unemployment and social inequalities as the EU's main challenges (EC 2017d). Results also emphasise the importance interviewees attach to the EU's social dimension: a very large majority (83%) of interviewees hold that free-market economy should go together with a high-level of social protection while (despite noticeable cross-country differences) 45% of interviewees hold that social equality and solidarity should be emphasised to face major global challenges, 64% of them consider favourably the harmonisation of social welfare in the EU and 60% support more European-level decision-making in dealing with social security issues.

Against this backdrop, proposals in the field of social protection have mainly focused on establishing a 'European Social Union', a union of welfare states supplemented by systemic support

⁵ On other radical initiatives suggested to address the EU's multi-layered crisis, see e.g. Schmidt (2015) on policies, politics and processes to reform E(M)U governance, Youngs (2018) on how to improve the EU's political legitimacy, and De Grauwe (2018) on how to complete the economic integration of the EMU. It must also be added that some of these proposals (e.g. the mutualisation of national debts) may also have indirect positive effects on social matters but this extends beyond the scope of this dissertation.

at EU level (Vandenbroucke, Barnard and De Baere 2017). For instance, some advocate the establishment of a common European unemployment benefit scheme (EUBS) to complement national schemes in times of economic downturns (Andor 2017; Dullien 2013, 2017; Beblavý, Marconi and Maselli 2015; Vandenbroucke 2017a, 2017b, 2017d). The idea of a European involvement in minimum income protection by setting binding minimum standards in each MS and supporting national schemes through a dedicated European fund has also gained much interest (EP 2010; EESC 2013; ETUC 2015; Van Lancker 2010, 2015; Marx and Nelson 2013; Peña-Casas and Ghailani 2013; Peña-Casas and Bouget 2014; Vandenbroucke *et al.* 2014). These proposals should be welcome as they would, if implemented, have an undeniable positive impact with respect to the status quo. However, in this thesis, I take a fundamentally different outlook on the European Union's social self as my focus is on another more radical proposal – not necessarily incompatible with the propositions above – which remains much less explored, and to which I now turn.

2. The main question

The universal basic income (UBI) – a periodic cash payment paid by a political community to all its members on an individual basis, without conditions of resources or work requirement – seems to present a real interest in contemporary debates about social justice and welfare state reforms (see e.g. Van Parijs 1992, 1995; White 2003; Raventós 2007; Wilderquist *et al.* 2013; Standing 2017; Van Parijs and Vanderborght 2017). Whilst the discussion remains mostly centred on its justification and design at the national level, a few scholars argued in favour of its establishment at EU level (Van Parijs 2012a, 2012b; Viehoff 2016; Van Parijs and Vanderborght 2017: 230-241). Their positions on the matter differ but they all consider a partial (i.e. insufficient to ensure subsistence) pan-European UBI supplementing national social benefits as a desirable policy for more social justice throughout the EU. My central aim in this thesis is thus to provide a critical assessment of the prospects for a (partial) European universal basic income (EUBI) as a policy response to the problem of poverty in the EU.

The notion of poverty is appreciated as a multidimensional concept which incorporates the related concerns of economic insecurity, social exclusion, and lack of access to fundamental rights. In short, ensuring a decent life for all requires both resource adequacy and the effective capacity to participate in society. This said, a focus on poverty does not mean that the wider notion of inequality is not taken into account. First, these are related concerns as the understanding one has of poverty depends on the particular conception of social justice one takes. An anti-poverty strategy may thus well constitute a strategy of inequality reduction (e.g. by raising the social minimum through redistribution). Nonetheless, the focus on poverty makes particular sense at European

level given the EU's objectives in terms of poverty reduction and its competence of support of its MS in the field.

Taking this into consideration, then, the problem of poverty in the EU indicates a failure which can be expressed as follows: the organisation of social protection within the EU is insufficient to protect all Europeans effectively against the risk of poverty and social exclusion. With this in mind, the thesis asks: *to what extent, if at all, is the EUBI a worthwhile policy to address the problem of poverty in the EU?* To answer the research question, the approach adopted is methodologically negative. This means that the thesis starts by identifying a problem, then considers a potential solution and argues that it deserves attention, before critically investigating that solution by 'testing' it against a series of challenges potentially devastating to the proposal. Whereas the problem is framed in a rather pragmatic way, the challenges faced by the policy proposal are multifaceted, ranging from questions of normative desirability and economic soundness to the practical constraints of its institutional feasibility. Against this background, the thesis postulates that the objections considered are insufficient to dismiss the EUBI as a worthwhile policy to respond to the problem at hand.

The thesis breathes new life into discussions on EU social policy in which the UBI remains disproportionately under-represented. The approach undertaken responds to a suggestion made recently by some EU scholars who argued that, in face of the devastating state of Social Europe, researchers should investigate other roles for the EU, including that of a 'complementary distributive welfare state' (Crespy and Menz 2015b: 203). Whilst the proposals for a more proactive EU role in social protection mentioned above also focus on the EU as an additional welfare layer, this thesis takes a radically different perspective on the matter. Indeed, scholars dealing with a European unemployment insurance or a European minimum income primarily consider the EU as a vehicle facilitating inter-state solidarity and typically support the provision of targeted and conditional forms of social benefits based on means-tests and work requirements. By contrast, the EUBI is an instrument of interpersonal redistribution which involves a direct link between the EU and its citizens, and it is distributed to all Europeans regardless of their financial or occupational status. The focus on a pan-European social policy aiming at providing additional income security also suggests a new approach to European anti-poverty strategies that has wider implications since it contributes to other academic discussions related to social justice in the EU and economic and legal dimensions of European integration.

In addition, even if the idea of an EU-wide UBI is not completely new, the basic income literature has little regard for it in comparison with its national counterpart which enjoys many contributions from political theorists examining its ethical justifiability and from social theorists, political

scientists and economists analysing it as a concrete public policy (see Widerquist *et al.* 2013 for a review). Furthermore, compared to existing propositions for an EUBI (coined by their proponents as a ‘Euro-dividend’ (Van Parijs and Vanderborght 2017d: 230-241) or ‘EU minimum’ (Viehoff 2016)), this thesis proposes a more comprehensive approach dealing with multidimensional challenges to the idea. In view of this, the dissertation also seeks to contribute to the basic income literature by proposing a thorough investigation of the policy at supranational level. Overall, this contribution seeks to bridge the gap between EU social policy and UBI literatures through a problem-based interdisciplinary method. As such, it also provides an original attempt at dealing with complex and multifaceted social problems in the EU by moving beyond some of the established boundaries of research compartmentalisation.

3. Method

This allows me to turn to the methodological approach used for this enquiry, which rests on what I call a *problem-based interdisciplinary research framework* relying on a combination of the toolkits provided by public policy analysis, problem-led approaches and interdisciplinary learning. I briefly present them in turn.

First, since the central focus of the dissertation is on one particular policy idea, the EUBI, the investigation must rely on the methodology used in policy analysis. At its most general, policy analysis is a process of inquiry aiming at the creation and analytical assessment of policy-relevant knowledge. In short, it refers to ‘the critical investigation of potential solutions to practical problems’ (Dunn 2017: 3). Policy analysis is partly descriptive because it relies on the literature to explain the causes and consequences of existing policies to provide an understanding of *what is*. It is also normative as it refers to value judgments about *what ought to be*. ‘This normative commitment stems from the fact that analysing policies demands that we choose among desired consequences (ends) and preferred courses of action (means)’ (Dunn 2017: 4). The analysis thus aims at producing policy-relevant knowledge regarding policy problems, observed policy outcomes and performance, expected policy outcomes and preferred policies, all of which are interdependent. Since the research aims at analysing both how things are and suggesting courses of actions, it is based on an *integrated policy analysis*, that is, one that links retrospective analysis (i.e. the study of policies already in place) with prospective analysis (i.e. the production of knowledge before the implementation of a new policy) in a continuous manner. In short, the approach combines an analysis *of* policy with an analysis *for* policy.

Second, the analysis rests on a *problem-based approach*. The notion of problem is seen as negative, one that is indicative of a deficit state that needs to be addressed. It is, in the first instance, ‘a reflexive

term that calls for an explication of *who* is considering *what* as a problem and *why*' (Schmidt 2011: 258). It is also inherently future-oriented, in that it embodies a call-for-action. Furthermore, problem-led research claims to have social utility through its prism on problem-structuring and through the suggestion of a potential way out of the deficit state. Nonetheless, its objective remains modest as it aims 'to *offer advice* on possible solutions to problems [...] not [to] solve the problem itself' (Schmidt 2011: 259, emphasis added).⁶ Taking this into account, a problem-led approach combines the analysis of an initial problematic state, through a problem-structuring phase, with the exploration of a potential solution in order to attain a final ameliorated state. This 'target state' can be defined in positive terms or in negative terms, which I roughly envisage as two sides of the same coin. The former considers the proposal desirable to reach a world in which the initial problem has been tamed (i.e. a situation in which poverty is reduced and access to sufficient resources is more effective) while the latter considers it desirable to avoid a dystopian future characterised by an exacerbation of the problem at hand (i.e. a situation in which the introduction of the EUBI has helped to avoid a reinforcement of the trends affecting economic security).

Once the correspondence between the features of the problem and the expected benefits of the potential solution has been established, one must evaluate whether the proposed solution is able to overcome the barriers that hinder the transformation of the present state into the final state. The analysis thus relies on a negative argumentative strategy examining one set of potential disconfirmers after the other. In other words, the prospects for establishing the EUBI as a potentially desirable and valid proposal are evaluated through its ability to overcome a series of objections (i.e. the barriers). These challenges proceed by 'descending' from the most abstract to the most concrete, that is, from normative discussions pertaining to social justice to more practical (legal) feasibility constraints surrounding the proposal's implementation. At each level, the challenge selected is arguably the chief objection the proposal needs to pass, in the sense that it may be the most difficult one to defeat and potentially the most devastating one to the proposal. Therefore, I do not claim that this enquiry provides an exhaustive study of all potential barriers the proposal might face. Rather, the study more modestly aims to prepare the groundwork for further fine-grained research by taking a more global approach of the main dimensions that need to be considered before digging deeper in each dimension addressed.

⁶ The modest notion of 'problem-led' or 'problem-based' approach is preferred to the more ambitious notion of 'problem-solving' because every solution generates new kinds of problems. This approach chosen thus captures the idea that the proposed path might have substantial ameliorative outcomes but that, in a dynamic, complex and always evolving world, these may not be definitive and permanent (Horn and Weber 2007: 6).

Third, the kind of problem that is examined cannot be confined within the boundaries of one discipline. *Interdisciplinarity* is the process of answering a research question by creating a dialogue and common grounds between various disciplinary insights and integrating them through an iterative process, to create a more comprehensive understanding of the problem examined (Repko 2012).⁷ The practice of interdisciplinarity does not require one to master each discipline but, rather, to achieve ‘disciplinary adequacy’, meaning ‘knowing the discipline’s defining elements and important insights relevant to the problem’ (Repko 2012: 60). The choice for interdisciplinarity, then, is justified when a problem is fundamentally multifaceted and complex (Repko 2012: 7, 85). ‘Interdisciplinary studies is a process of answering a question, solving a problem, or addressing a topic that is too broad or complex to be dealt with adequately by a single discipline, and draws on the disciplines with the goal of integrating their insights to construct a more comprehensive understanding’ (Repko 2012: 16).

In the literature on interdisciplinarity, ‘poverty’ and ‘the future of the social welfare system’ are typically seen as ‘big’ (Weinberg 1972) or ‘wicked’ problems (Conklin 2006; Horn and Weber 2007), or as ‘social messes’ (Akhoff 1974). According to the literature, ‘wicked’ problems are characterised by the following properties: they are difficult to clearly define such that there is no unique ‘correct’ view of the problem and that different views point to contradictory solutions; they embody multiple value conflicts and face ideological, cultural, political and economic constraints; they are multi-causal and have many interdependencies with other problems; they are socially complex in the sense that they involve a multiplicity of actors and different levels of governance, and require changing individual behaviour; they are surrounded by uncertainty and great resistance to change, and they often lead to unexpected consequences; they are sometimes characterized by chronic policy failure and the problem-solvers are often out of contact with the problems and/or with potential solutions. Addressing the already multifaceted and not easily definable problem of poverty *at the European level* adds another layer of complexity given the tensions inherent to the process of European integration and, more particularly, the upscaling of social policy instruments at the supranational level. Moreover, the policy proposal in focus, the UBI, is often problematically used by scholars to point to different proposals, it embodies multiple ideological, cultural and economic constraints, it has never been implemented (whether at the national or supranational level) and is thus characterised by uncertainty regarding its potential consequences. In other words, even the suggested solution itself breathes in complexity.

⁷ Interdisciplinarity is thus more ambitious than *multidisciplinarity*, which consists in improving the understanding of a topic by juxtaposing different disciplinary insights, but less ambitious than *transdisciplinarity*, which aims at the creation of a new form of knowledge with its own content and methods by transcending the boundaries of existing disciplines.

In this regard, there is no doubt that the subject at hand is inherently complex and can legitimately be considered as a ‘wicked’ problem that cannot be addressed adequately using the established lines of compartmentalised research. It demands, instead, the kind of holistic thinking typically provided by interdisciplinarity (Newell 2001: 2). This is why the thesis combines insights from political theory, economics and political science focused on European studies. Overall, the interdisciplinary learning process is about integrating these disciplinary insights, through feedback loops interacting dynamically to inform one another, to create ‘common ground among them to construct a more comprehensive understanding’ (Repko 2012: 263).

4. Key arguments

In this thesis, I defend the view that the EUBI, a partial EU-wide basic income distributed to all Europeans, offers a worthwhile response to the problem of poverty in the EU. This defense is not predicated on the preliminary introduction of the UBI at national level but, instead, on the idea that each Member State guarantees a social minimum for all. Moreover, the perspective adopted may be attractive for scholars, policymakers and citizens taking a specific outlook on the issue at hand. If you are favourable to the European project and hold a conception of social justice which requires generous redistributive social policies from the well-off to the less advantaged, if you reject neoliberalism and conceptions of the UBI as an instrument to scrap the welfare state, then the EUBI offers a promising vehicle for a ‘more social Europe’ that should be attractive to you. If you disagree with this premise, you are welcome to read on, but the discussion developed in this thesis might not be appealing to you personally.

Bearing this in mind, then, after having structured the problem and discussed some preliminary claims about the basic income in general and the EUBI in particular, I turn my attention to the critical analysis of the proposal by testing it against a series of objections, to which I refer as the challenges of reciprocity, solidarity, stabilisation and feasibility (see outline in next section). I argue that none of these challenges provides a knock-out blow against the EUBI. Nonetheless, each of them offers an opportunity to fine-tune the analysis of the proposal’s dimensions, leading to the following claims.

The key argument I develop is that there are positive reasons to consider that the EUBI would support the EU’s fight against poverty in a tangible way. Under this scenario, the EU works as a complementary welfare layer offering systemic support to its Member States’ welfare models by taking a distributive role in direct relation with its citizens, whilst respecting the diversity of national social protection arrangements. Such a multi-layered social model thus aims to secure a social minimum to all its citizens through a multi-tiered approach: the EUBI acts as supplement of

national (or regional or local) social benefits for those on entitled to them or as a complement to other sources of income for the others. This is important as the risk of poverty and social exclusion does not only affect those who are excluded from the labour market; it also concerns a growing number of people subjected to the effects of various precarisation trends even when they hold a job. Thanks to its defining characteristics – its individual, universal and unconditional features–, I argue that the EUBI mitigates some of the shortcomings of existing national last-resort safety nets (in terms of coverage, take-up and adequacy), and provides additional economic security to those facing precarious labour contracts and chronic insecurity on the labour market, thereby contributing to the reduction of in-work poverty. These effects might remain limited in EU countries with the most advanced welfare states given the modest amount of the EUBI, but it can reasonably be claimed that the EUBI would still make some improvement with respect to the status quo. In MS with less elaborated welfare states, it is likely to play a more significant role in the provision of the means for subsistence to the least advantaged. As such, it would support EU objectives of social cohesion and flesh out the Social Pillar.

Furthermore, I claim that the EUBI has more to offer than its contribution to financial adequacy and extended coverage of those in need, although these are central in anti-poverty strategies. As a universal policy, it avoids the distinction between deserving and undeserving poor and thereby improves the social bases of self-respect. As an unconditional and regular income flow, it provides an incentive for employment or social participation writ large in a non-paternalistic way, whilst reducing the stress stemming from feelings of insecurity. It may also reduce the push factors for migration or provide an instrument to effectively enjoy the freedom of movement proclaimed by EU treaties. Again, these arguments need to be qualified as their strength depends on the amount of the EUBI and the set of national policies which act in conjunction with it. But if these arguments hold, the EUBI's emancipatory value exceeds its monetary value, and provides a tangible response to poverty in its various dimensions.

To these central claims, two contingent ones can added. First, depending on the funding scheme chosen, the EUBI may play a role of macroeconomic stabilisation in face of asymmetric economic shocks thanks to the fiscal transfers it would involve, although this is not its primary aim. This is particularly relevant in the Eurozone as it is widely agreed among economists that a common fiscal capacity is one of the functional requirements of monetary integration. Second, by offering a 'caring face' to the EU, the EUBI may improve the political legitimacy of a project often seen, rightly or not, as the very reason behind politics of welfare retrenchment at the national level and the increase in inequalities and poverty.

To these consequentialist considerations, I add one of a principled kind. The EUBI would be distributed to all European citizens and legal residents as a recognition of their membership of the EU political and economic order. Its purpose is to provide, along with national welfare states, a social minimum enabling them to have the standard of living necessary to participate actively in society as citizens and residents of the EU. As such, the proposal embodies a materialisation of EU social citizenship. It is important to note, however, that I do not understand the EUBI as a distinctive legal right attached to citizenship but, rather, as an entitlement *as a matter of policy*. In short, the EUBI provides a means to guarantee the social right to a decent standard of living.

This said, a few nuances need to be added. First, the EUBI is not the panacea. I make no claim whatsoever that the EUBI constitutes a proposal sufficient in its own right to eradicate poverty nor to solve all ills affecting social welfare in the European Union. To the contrary, I consider that the EUBI demands a package of measures including a set of public services (e.g. education, healthcare, social care, etc.), labour market regulations (e.g. a decent minimum wage, working time reduction, (enforcement of) equal pay for men and women), fiscal reforms at national and European levels, etc.⁸ The EUBI thus offers a way to support rather than replace a broader policy package. Whilst this thesis focuses on the EUBI only, its worth depends on the ideological and institutional social environment in which it is placed and the broader policy mix in which it operates.

Second, I do not claim that the EUBI would be the most efficient policy in each of the fields in which I consider that it might have an added-value. For instance, there may be more efficient instruments of macroeconomic stabilisation in the Eurozone, such as a common European unemployment insurance scheme. However, even if the EUBI scores lower than other specific measures when taken in isolation, its strength comes from the fact that it scores relatively well when considering a wider range of social objectives altogether.

Third, given its unconditionality, it offers a rather simple way for the EU to get involved in social protection without facing the conundrum of harmonisation of very diverse social models. However, again, the introduction of minimum requirements for national social policies (which points to ‘convergence’ rather than ‘harmonisation’ per se) may be necessary to unfold the real potential of the EUBI.

Finally, my focus on the EU is justified by both problems and opportunities made possible in its unprecedented and unique form of regional integration. However, despite the absence of similar

⁸ See for instance, the list of fifteen proposals made by Atkinson (2015) to tackle inequality and poverty.

institutions, there may be a case for a worldwide universal floor, as argued for instance by Pogge (2007). The EUBI may thus be seen by those holding a cosmopolitan view of justice as a laboratory for the kind of measure and institutional framework necessary to achieve it at global level. As for the national level, I show that there is a case for a national UBI (chapters two and three) but I do not endorse the UBI unconditionally: each proposal must be studied in light of its ideological justifications and the socioeconomic context for which it is designed. The specific characteristics of the UBI may arguably point welfare state reforms in the right direction, one in which policy innovations cement and expand the place of principles of universalism, unconditionality and the individualisation of social rights to make social protection more emancipatory, more inclusive and more effective.

5. Thesis outline

The thesis is divided in three parts. The first part is devoted to the problem-structuring phase, the second to the presentation and discussion of the potential solution, and the third one to addressing a number of challenges. With this in mind, the detailed outline of each chapter runs as follows.

Chapter one is a long chapter in which I set the scene and frame the problem. I describe, analyse and articulate the various dimensions associated with the problem of poverty in the EU. I start with an overview of the scope and depth of poverty and other interrelated social problems across EU Member States before analysing various trends affecting the ‘precariat’. I then look at the dynamics of European integration, highlight its neoliberal bias, and its impact on welfare states’ redistributive capacities. I also zoom in on existing instruments of minimum income protection and identify a series of weaknesses affecting their performance in poverty alleviation. Finally, I establish a diagnosis according to which the current organisation of social protection in the EU is insufficient to respond to the problem of poverty and social exclusion, and argue that the EUBI deserves further attention as a potential solution.

Chapter two then constitutes the second step of this dissertation: the exploration of the policy instrument considered as a potential solution. It aims to provide the ‘basics’ of the universal basic income necessary in a discussion too often trapped in confusion, and to justify my focus on the UBI for its advantages as an anti-poverty policy. After a series of preliminary clarifications, I establish a taxonomy of the UBI and its close competitors. I then confront them according to the aims of a social minimum: providing basic economic security whilst fostering social inclusion and individual emancipation to ensure a decent life in a given society. I conclude that the UBI fares better than its rivals when considering this conjunctive set of social goals and that it should be further tested to be envisaged as a distinctively *European* instrument.

The next four chapters then focus on a series of key challenges to the idea. Chapters three and four address two objections drawing from the political theory literature and concerned with the demands of social justice. Chapter five deals with a major objection stemming from the economic literature focused on macroeconomic stabilisation. Chapter six deals with the issues surrounding its legal feasibility. Each barrier faced by the EUBI allows me to fine-tune my assessment of its prospects.

In chapter three, I start with ‘the challenge of reciprocity’, according to which the UBI is morally objectionable because it fails to satisfy a principle of reciprocal contribution. I provide an ecumenical defense of the UBI to show that the objection is not decisive, whether one takes a reciprocity-based conception of justice or not, such that some may endorse the basic income as a second-best or first-best policy.

In chapter four, I turn to the ‘challenge of solidarity’ which posits that the EU lacks certain preconditions necessary for the pursuit of social justice at the supranational level. Hence the EUBI should be abandoned. I address three different versions of the objection, focused on common identity, political coercion, and social cooperation, and show that they are not decisive. I then defend a sufficientarian account of EU justice and argue that the EUBI would be desirable to preserve national redistributive capacities and strengthen EU social citizenship simultaneously.

In chapter five, I turn to ‘the challenge of stabilisation’, which states that what the EU needs is economic stabilisation, not redistribution. I show that the EUBI would have a stabilisation effect, although it would be less efficient than other instruments, such as the European unemployment benefit scheme (EUBS). Then, I argue that stabilisation is necessary but insufficient if the aim is to resorb the EU’s social deficit and address the problem of poverty: macroeconomic stabilisation is first and foremost a functional requirement of the EMU, and an instrument such as the EUBS would only have limited and unsatisfactory social effects. I argue, then, that the EUBI offers a promising route to pursue the objective of social cohesion and to flesh out the European Social Pillar. I show how an EUBI of 200€ is already able to make significant improvement in the EU’s anti-poverty strategy and illustrate the scope of its cross-country redistributive effects.

In chapter six, I address ‘the challenge of feasibility’ which is concerned with the legal difficulties that may impede the EUBI’s implementation. I distinguish between the legal options and constraints of the payment side of the EUBI and those pertaining to its financing side. I argue that there are possibilities to institute the EUBI within existing treaties before presenting alternative legal possibilities based on differentiated integration or, ultimately, treaty change.

Finally, I conclude this dissertation with a review of the key elements learned along the way and suggest avenues for further research on the matter.

6. Working assumptions and definitions

Before proceeding to analytical undertakings, it is necessary to say more about my understanding of social justice and poverty in order to clarify the theoretical basis underpinning the discussion.

6.1. Social justice

The term ‘justice’ as found in the political philosophy literature tries to answer the question ‘What is a just society?’ The aim of justice, then, is to specify what each member of a society can rightly claim and expect from society in these conditions: ‘To ask whether a society is just is to ask how it distributes the things we prize – income and wealth, duties and rights, powers and opportunities, offices and honours. A just society distributes these goods in the right way; it gives each person his or her due’ (Sandel 2009: 19).

In this thesis, I endorse a liberal egalitarian conception of justice. It is *liberal* in the sense that it recognizes with equal respect different individual conceptions of the good life, in contrast with perfectionist conceptions of justice which rely on a comprehensive moral doctrine (see e.g. Wall 2012). It is *egalitarian* in the sense that equality is seen as a baseline for the distribution of the justice-relevant goods from which any departure must be justified. From a liberal egalitarian perspective, then, the primacy of justice – the priority of the right over the good – provides the collective institutional framework in which individual options can be made compatible (Arnsperger and Van Parijs 2003: 11). The subject of justice is, in Rawlsian terms, the *basic structure* of society, that is, the way in which the main political, legal, economic institutions fit together to shape the prospects of citizens living under the authority of a political order (Rawls 1971: 7-11; 2001: 10-12, 52-57). Thus, what matters is the justice of institutions and the distribution of benefits and burdens they bring about. In short, and at the risk of oversimplification, justice means *social* justice or *distributive* justice.

For this thesis’ purposes, I take Rawls’ conception of *justice as fairness* (1971, 2001) as point of departure for a workable account of social justice in modern pluralist societies. According to him, the currency (or metric) of justice is provided by an index of multi-purpose goods, the ‘primary goods’, constituted of basic rights and liberties⁹, opportunities, power, income, wealth and the social bases of self-respect, are those necessary for one to pursue her life plans (Rawls 1971: 92;

⁹ These include political liberties such as the right to vote and to hold public office, freedom of speech and assembly, the liberty of conscience, but also the right to hold personal property and freedom from arbitrary arrest. (Rawls 1971: 61, 2001: 44, 58)

2001: 58-59; Rawls later added leisure time to the list, 2001: 179). These can be separated into two categories: basic rights and liberties ('constitutional essentials') which fall in the domain of *political* justice, and resources and opportunities which fall in the scope of 'basic justice', that is, matters of *substantive* distributive justice relating to the basic structure of society that are not covered by a constitution (Rawls 1993: 227-230). In this dissertation, I say little about constitutional essentials and concentrate on matters of basic justice which are of primary interest when considering the question of a European social minimum.

The criterion for the repartition of primary goods, then, is provided by his two principles of justice (Rawls 1971: 60, 302 and 2001: 42-43). The first principle guarantees an *ex-ante* strictly egalitarian (and as extensive as possible) distribution of basic rights and liberties (*principle of equal liberty*). The second principle (itself separated in two principles) focuses on the potential economic and social inequalities that might arise *ex-post* as a result of equal liberties.

The *principle of fair equality of opportunity* goes beyond formal requirements of legal non-discrimination based on race, gender, age, etc. and requires neutralizing the influence of social backgrounds on people's abilities to attain positions of social advantage. It posits that inequalities of income, power, social status, etc., are justified only if they are the consequence of a fair competition for the access to the social positions that provide these advantages. The *difference principle*, then, holds that social and economic inequalities are just only if they are to the benefit of the least-advantaged. It articulates a concern for equality with a principle of efficiency, based on the consideration that economic reality is not a zero-sum game. It offers a criterion of selection between all the different social arrangements possible and achievable: the expectations of the least-advantaged regarding their social positions (as specified by their access to an index of primary goods over the course of their lives) in each potential situation should be maximized. In other words, the situation with the highest index of primary goods for those who have the least of them should be selected according to a *maximin* principle (i.e. a maximisation of the minimum).¹⁰ The fact that inequalities should benefit the worst-off is a necessary condition to allow greater advantages to the well-off, following a 'priority among equals' axiom (Ravallion 2016: 90). Finally, whilst the difference principle is obviously more demanding than the provision of a minimal standard of living beneath which no one should be allowed to fall, Rawlsian justice does require such a social minimum (Waldron 1986:

¹⁰ To be more exact, it is based on the *leximin* criterion, which is a sequential version of the maximin principle, i.e. a lexicographic refinement. Once the situation of the worst-off has been considered, we turn to examine the situation of the group 'above'.

25). ‘For it is reasonably obvious that the difference principle is rather blatantly violated when that minimum is not guaranteed’ (Rawls 2001: 162).¹¹

6.2. Poverty

For the purposes of this dissertation, I understand poverty as a multifaceted concept, but to clarify the constitutive dimensions of poverty, it is necessary to provide a brief review of the literature. Economists typically rely on a welfarist approach which measures poverty with reference to income inadequacy, where income is used as a money-metric of utility, or with reference to the lack of purchasing power required to pursue a bundle of consumption goods (i.e. a consumption floor) deemed essential for all individuals (Ravallion 2016: 131-136). It can be measured in *absolute* or *relative* terms. Absolute measures of poverty consider that the poor are those whose income fall below a fixed threshold. These are typically used to describe ‘extreme’ poverty in so-called ‘developing’ countries: a situation in which an individual’s (or household’s) inability to cover her essential physiological needs (e.g. food, water, clothing, shelter) poses a direct threat to life. Comparatively, poverty in so-called ‘developed’ countries (such as those in the EU) is generally defined according to a relative perspective which allows the minimum to vary in relation to the income of others living in the same community. In other words, it considers the minimum level of resources that is socially necessary, by attaching importance to *relative deprivation* (i.e. the idea that people care about their income relative to that of a reference group).

The human development perspective of poverty criticized income-centred views and other resources-based variants (including Rawls’ focus on primary goods) for regarding resources as valuable in themselves and not for the contribution they make to a person’s personal development and well-being (see Ravallion 2016: 82-91, 131-136; Hausman *et al.* 2017: 126-144 for a review). In Sen’s words, a prominent advocate of this view, they are ‘commodity fetishists’ (1987:19).¹² According to him, what matters, instead, is one’s *capability* to function or, in other words, one’s ability to make use of resources to achieve what one wants to be or do. Capabilities can be about the ability to achieve elementary things such as being adequately nourished or being in good health, or more complex ones such as having self-respect or taking part in the life of the community (Sen 1992: 40). Poverty should thus be defined as a deprivation of ‘basic capabilities’ (Sen 1992: 109), that is, as the inability to choose valuable ‘doings or beings’ considered essential to human life

¹¹ On Rawls’ take on the social minimum, see also Rawls (1971: 275ff; Rawls 2001: 127ff) and Waldron (1986).

¹² Note that Rawls argues that his approach takes basic capabilities into account: ‘the index of those goods is drawn up by asking what things, given the basic capabilities included in the (normative) conception of citizens as free and equal, are required by citizens to maintain their status as free and equal and to be normal, fully cooperating members’ (Rawls 2001: 168-169). For a comparative discussion of Sen’s and Rawls’ approach of poverty, see Zwarthoed (2009).

(Alkire 2002: 156).¹³ Although this approach has significantly improved economists' and international institutions' understanding of the dynamics of poverty, it faces difficulties similar to welfarist theories because of its reliance on subjective preference satisfaction.

Human rights approaches focus on the way cardinal values of dignity, citizenship and freedom are undermined or misapplied for those in situation of poverty, by establishing a link between material deprivation and its impact on fundamental civil, political, social, economic and cultural rights (Roman 2012). Poverty affects human dignity when it implies social stigmatisation, through the lack of access to essential social rights such as healthcare, education or housing, and, in its most extreme forms, through the reification of individuals (e.g. human trafficking). It undermines the exercise of political citizenship when one is unable to participate in a society's decision-making processes, and the exercise of social citizenship when access to social rights such as the right to work (and those mentioned supra) is insufficient. A lack of resources may also impact individual freedom when legal rules formally acknowledged to everyone are applied with differential treatments in reality (e.g. poor households face higher risks of imprisonment because of a lack of resources, Roman 2012: 95-97). Moreover, it is widely accepted among EU scholars and policy makers that poverty relates to *social exclusion* (see e.g. Anderson 2015: 185-186 on the semantic shift operated in EU discourses since the 1970's). The term points to the marginalisation of individuals from political, social and economic activities (including employment) – or in more dynamic terms to a *process of social disaffiliation* (Castel 2000) – that a lack of resources may create.

Taking all the above into account, I understand poverty, at its most general, as being 'the result of a series of factors of *insecurity*, whose effect is to undermine the security of existence and development of the individual' (Roman 2012: 99, my emphasis). In short, protecting individuals against poverty entails, in its broadest sense, ensuring 'a sense of security to all' (Pestiau: 4). More specifically, I consider that the definition used by the Commission (2004: 10) provides a suitable working basis:

People are said to be living in poverty if their income and resources are so inadequate as to preclude them from having a standard of living considered acceptable in the society in which they live. Because of their poverty they may experience multiple disadvantage through unemployment, low income, poor housing, inadequate health care and barriers to lifelong learning, culture, sport and recreation. They are often excluded and marginalised from participating in activities (economic, social and cultural) that are the norm for other people and their access to fundamental rights may be restricted.

¹³ Sen does not provide a clear account of 'basic' capabilities. See Nussbaum (2003) for a list of central human capabilities and Alkire (2002) on an operational definition for pursuing capabilities.

This definition points to a sufficiently broad understanding of poverty encompassing material and social needs, but also the fact that poverty poses a threat to fundamental rights. It also appeals to the notion of a right to a minimum level of resources based on some standard of decency – a social minimum – the disposal of which is considered as a necessity for social participation. In Marshallian terms, this definition points to poverty as a lack of access to the social rights attached to citizenship: ‘By the social element [of citizenship] I mean the whole range from the right to a modicum of economic welfare and security to the right to share to the full in the social heritage and to live the life of a civilised being according to the standards prevailing in the society’ (Marshall 1950: 149). As such, it is also consistent with my liberal egalitarian conception of justice for which primary goods, in which income and wealth act as ‘all-purpose means’ needed to achieve a wide range of ends, are ‘what free and equal persons need *as citizens*’ (Rawls 2001: 60, my emphasis), (Rawls 2001: 58-59).

Moreover, this definition considers that the social minimum must ensure adequacy of both disposable income and other (economic, social and cultural) resources. Such a social floor thus needs to include access to employment, and to various forms of welfare services. Yet, notwithstanding the important role of social services, such as healthcare, social care, education and social housing in anti-poverty strategies,¹⁴ this thesis is primarily concerned with economic security from the angle of income adequacy as it studies how the EU may be involved in poverty reduction through EU-wide *social transfers*. Therefore, for simplicity, the social minimum can be recast as a socially guaranteed *income* that a person needs in order to lead a minimally decent life in a given society. However, a focus on income need not entail giving up on poverty’s multidimensionality since I aim to make the link between economic security on the one hand and employment, social inclusion and access to fundamental rights on the other hand.

Finally, I take it that the European ‘standard’ poverty line, or *at-risk of poverty threshold*, set at 60% of the national median equivalised disposable income after social transfers provides an acceptable account of ‘adequacy’ or ‘decency’.¹⁵ This poverty line is not a mere ‘survival line’ because it goes beyond absolute measures of material deprivation by incorporating a concern for one’s relative position in society and thus provides an income-equivalent approach of social inclusion. As such, this threshold also reflects the impact of disparities in levels of living, or inequalities, on poverty.

¹⁴ For instance, some studies have shown that public services such as health, education and housing are two times more efficacious in reducing inequalities than monetary transfers (Amar *et al.* 2008).

¹⁵ Methodologies using ‘reference budget standards’ seem more consistent and generally provide different values (often higher) for measuring an adequate level of resources but they are not yet used by European institutions. For simplicity, then, I stick with European indicators. On reference budgets, see Storms *et al.* (2013) and Penne *et al.* (2016), and the platforms <http://www.referencebudgets.eu/> and <http://improve-research.eu/>.

In other words, it points to the interconnections between individuals' fortunes as 'what happens at the top of the distribution affects those at the bottom' (Atkinson 2015: 25). In short, the condition of those who are 'out' (i.e. marginalised) depends on the situation of those who are 'in' (Castel 1995: 30). Addressing the problem of poverty, then, is also about addressing the quality of social ties within a society or, in other words, its social cohesion. With this in mind, I turn to the problem of poverty in the EU.

CHAPTER ONE: THE PROBLEM OF POVERTY IN THE EU

1. Introduction

In this thesis, I am concerned with the prospects for a European universal basic income as a policy response to a problem. The objective of this chapter is thus to establish a diagnosis of this problem, such that this chapter constitutes the first step of this dissertation's methodological approach, namely the problem-structuring phase which combines descriptive and analytical dimensions. It is not my intention to provide an exhaustive approach of every parameter and causal links that might impact poverty in all its constitutive dimensions. Rather, I organise the bundle of interrogations that underlie the problem of poverty in the EU as a set of interrelated challenges. The first one corresponds to the poverty side of the problem: the state of affairs and the factors that produce new dynamics of precarisation. The second one corresponds to the social protection side. It refers to the conundrum associated with its organisation in the EU and the impact of economic integration on social rights. At policy level, it is concerned with the shortcomings of existing last-resort safety-nets. Altogether, these interdependent dimensions point to the inability of the European Union *as a whole* to mitigate the risk of poverty and social exclusion for each and every one living within its boundaries. The problem of poverty in the EU can thus be understood as a failure, or deficit state, that needs to be addressed and which can be framed as follows: *the organisation of social protection within the EU is insufficient to protect Europeans effectively against the risk of poverty and social exclusion*. This diagnosis will then provide the basis for the discussion of the EUBI as a potential policy response to address this failure.

This chapter is organised as follows. In section two, I begin with an overview of the main social indicators associated with poverty and social exclusion. This state of affairs reveals the scope of disparities across Member States in poverty levels and the poor prospects of the EU target overall. It identifies the most vulnerable populations, namely young people, children, women and lone parents in particular. It also highlights the positive impact of social transfers on the depth of poverty but its current insufficiency to lift people out poverty. It shows that, if employment is a major route for poverty alleviation, it remains insufficient given the importance of in-work poverty. Finally, it reveals the important imbalances between Member States in terms of income disparities. In section three, I focus on a series of (global) transformations associated with the emergence of insecure and precarious socioeconomic situations due to ongoing economic trends and neoliberal policies. I focus in particular on the conjugated impact of labour market flexibility, technological change and rising inequalities on multidimensional forms of economic insecurities. This section thus emphasises the major challenges producing new forms of precarious situations which put a

rising and heterogenous group of people at risk of poverty and social exclusion. Having clarified some of the hurdles on the poverty side of the equation, I then proceed to examine the social protection dimension of the problem or, more precisely, its place within the European Union and its process of integration. Section four is thus dedicated to understanding the conundrum of Social Europe which encompasses a series of complex puzzles associated with the tensions inherent to European integration. To make sense of this complexity, I consider three main axes: the challenges posed by the diversity of European welfare models to European social integration, the structural asymmetry between market-making and market-correcting forms of European integration, and the limits and bias of European governance and anti-poverty strategies. This section highlights the neoliberal bias of EU integration and its problematic impact on welfare states' capacities to pursue generous and efficient redistributive policies of social protection. In section five, I zoom in on minimum income schemes as these constitute last-resort protection instruments essential in anti-poverty strategy. I highlight their shortcomings in terms of adequacy, coverage and take-up, and assess their impact on poverty reduction and the trends underlying their recent evolution. In section six, I come back to the three constitutive parts of the problem of poverty to establish a diagnosis of the negative state of affairs and argue that it calls for innovative solutions. I briefly consider some proposals currently discussed by academics and policy makers and the claims made by proponents of an EU-wide basic income. In section seven, I conclude that the EUBI deserves attention as a potential response to the problem of poverty in the EU.

2. Poverty and social exclusion: state of play¹⁶

2.1. The risk of poverty increased overall

The overall European social map points to a worsening of the main social indicators since the launch of the Europe 2020 strategy. The prospects of reaching the poverty and social exclusion target of lifting 20 million people out of poverty before 2020 are very low: there are currently 1,7 million more people at risk of poverty or social exclusion (AROPE) than in 2008, for a total of 118,8 million people, which represents 1 in 4 Europeans experiencing one of the three following forms of poverty or social exclusion: income poverty, severe material deprivation, or living in a low work intensity household (figures of 2016).¹⁷ Nearly one third (32,5%) of all those considered at

¹⁶ This section relies on Eurostat (2018a, 2018b) and SPC (2017).

¹⁷ The indicator used by EU institutions is the at-risk-of-poverty-or-social-exclusion rate (AROPE). It is constituted by three sub-indicators, each reflecting a different definition of poverty. The at-risk-of-poverty rate (AROP) measures the percentage of people with a disposable income below the poverty threshold set at 60% of the national median equivalised income after social transfers. The second indicator measures the percentage of persons that are severely materially deprived (SMD), that is, those experiencing a deprivation of at least 4 out of a list of 9 items: they cannot afford to pay rent or utility bills, to keep home adequately warm, face unexpected expenses, eat meat, fish or a protein equivalent every second day, a week holiday away from home, a car, a washing machine, a colour TV, or a telephone.

risk of poverty or social exclusion are affected by more than one of these dimensions (about 39 million people) and one in twelve by all three forms (9,2 million). Disparities remain important across member states with performances varying from more than a third of the population threatened by the risk of poverty or social exclusion in Bulgaria (40,4%), Romania (38,8%) and Greece (35,6%), and the lowest figures found in Denmark (16,7%), the Netherlands (16,7%), Finland (16,6%) and Czech Republic (13,3%). Overall, the EU is drifting away from its target. Compared to the total population, those who face a greater risk of poverty or social exclusion are young people between 18 and 24 (31,3% in 2015), followed by children (26,9%) and the elderly (17,4%). Looking at gender poverty gaps, women are more likely to experience poverty or social exclusion than men (24,4% compared to 23% in 2015). In terms of household composition, single parents show higher risk of poverty or social exclusion than other households' types, with 50% of them at risk in 2015 and a proportion double the average.

Compared to monetary poverty rates, the AROPE measure has significantly increased the number of Europeans considered to be poor or socially excluded (from 80 million to 120 million according to 2008 figures) and has the advantage of not associating poverty solely with income adequacy but also with a measure of extreme poverty and exclusion from the labour market. Among these three sub-indicators, the most widespread form of poverty remains monetary: the at-risk-of-poverty (AROP) rate, calculated as the percentage of people below the poverty line after social transfers, affects 17,3% of the EU population (86,6 million) while the two other sub-indicators, namely severe material deprivation and low work intensity households respectively affect 8.1 % of EU residents (40,3 million, equivalent to half the AROP rate) and 10.6 % of EU citizens aged 0 to 59 (39,6 million people). Overall, the at-risk-of-poverty rate has significantly increased over the last decade in the EU and, even more sharply in the Eurozone. Moreover, the AROP indicator rose in nearly all EU member states (except for LV, the UK and FI), with significant variations across countries. Today, eight member states (RO, LV, LT, ES, BG, EE, EL, HR) still have one fifth or more of their population at risk of income poverty, and the lowest figures (between 9,5 and 12,5%) are found in FI, SK, DK, NL, CZ. Taking a fixed reference to avoid variations of overall income affecting the poverty rate, the situation is more worrisome, with 18,5% of the EU-28 population

Finally, the third indicator expresses poverty in terms of the quantity of (quasi-)jobless households, that is, people aged between 0 and 59 living in households where the adults (18-59) worked 20% or less of their total work potential during the past year. Note also that national targets can be set by Member States according to their preference: they can choose one, two or a union of the three indicators or even suggest one of their own (Copeland and Daly 2012: 279).

estimated at-risk of poverty (anchored in 2008 poverty threshold levels), and figures reaching up to 48% in Greece, 35,1% in Cyprus and 29,9% in Spain in 2015.¹⁸

2.2. Social spending is essential but remains insufficient

It must also be noted that the at-risk-of-poverty rate *before social transfers* (pensions excluded from social transfers) is significantly higher with more than a quarter of the EU-28 population affected. This shows that social transfers play a significant role in reducing poverty (a decrease of 8,7% of monetary poverty in 2015). This is also highlighted by Crepaldi *et al.* (2017: 48) who show a correlation between overall social expenditure and AROPE levels such that countries (e.g. LU, DK, AT, NL, DE, FR, SE, FI, BE) spending the most on social protection tend to have the lowest risk of poverty or social exclusion, while those (LV, RO, BG, EE, HR) spending the less have the highest AROPE levels. In fact, this reflects a major and robust finding widespread in poverty studies of the last decade. There is a strong empirical relationship between a country's overall level of social spending and measures of inequality, inequality reduction and relative poverty, as noted by Marx, Nolan and Olivera (2014: 18): 'Notable in these analyses [in comparative poverty research] that no advanced economy achieved a low level of inequality and/or relative income poverty with a low level of social spending, regardless of how well that country performed on other dimensions that matter for poverty, notably employment'.

Nevertheless, the *depth* of poverty measured by the poverty gap, which indicates the extent to which the incomes of those at risk of poverty fall below the poverty threshold in average (or in other words, the scale of transfers necessary to bring those below the poverty threshold over it), attained 24,8% in 2015, with increasing figures in half of the member states (and sometimes substantially, with 5% or more in EL, ES, IT, PT, RO) and an overall increase of 3% since 2008. Similarly, the on-going rise in the share of the population suffering from *persistent* poverty risk¹⁹ with an overall evolution from 8,6% in 2008 to 10,9% in 2015 remains another major issue of concern, which is particularly affecting the young people below 18 (when looking across age groups) and single parents (when looking at household composition). The data thus shows that while social transfers are essential in poverty alleviation strategies, they remain insufficient to eradicate the problem. I will come back to this in section five with a focus on minimum income schemes.

¹⁸ Since the AROP indicator is a relative figure based on the median income, it can fluctuate with variations in income: a person living in Greece might be considered at risk of poverty in 2008, have a similar situation in 2016, but be considered above the poverty threshold in 2016 given the overall deterioration of earnings. This is why the AROP rate can also be measured with figures anchored in a year of reference (Eurostat).

¹⁹ The persistent at-risk-of-poverty rate measures the percentage of the population which has an equivalised household disposable income below the poverty threshold for the current year and at least two out of the three previous years.

2.3. Return to employment: a determinant but limited route

Besides, it is a well-known fact that employment reduces the risk of poverty and social exclusion because work provides an income and is a major means for social integration. In 2015, two-thirds of unemployed people in the EU and 43,7% of other economically inactive people (students, people taking care of their home and family, people facing long-term or temporary sickness or disability, retired people) were at risk of poverty or social exclusion, while the proportion of employed people facing the same risk was only at 12,5%. However, unemployment levels remain important and the rise of the working poor shows that being employed does not prevent one to fall into poverty.

Looking at unemployment figures first, while there was a slight decline of the unemployment rate for all age-groups in the EU and for both genders (with a stronger decrease for men), it is still not sufficient to reach the pre-2008 figures: the total unemployment rate in percentage of the active population is at an average of 8,6% for the whole of the EU and 10% for the Eurozone in 2016, with a respective rise of 1,6% and 2,4% since 2008. Disparities are, again, very important, with figures reaching up to 23,6% in Greece and 19,6% in Spain (a respective rise of 15,8% and 8,3%) and most member states showing a rise of their unemployment rates, except for Poland, Hungary, the UK, Malta and Germany. Youth unemployment rates are also particularly worrying with 1 in 6 active young people unemployed (an average of 16,9%) in the EU and 18,8% of them in the Euro area in 2017, almost double the average figure for the total unemployed population.²⁰ Figures are high in France (22,3%), Portugal (23,9%), Italy (34,8%), Spain (38,7%) and Greece (43,6%) in particular. While figures were systematically higher in the EU-28 than in the Euro Area before the crisis, they were very close between 2008 and 2010. Since then, the Eurozone rate overtook the EU-28 rate with a gap at a relatively high level. The share of young people who are not in employment, education or training (NEET) does not substantially affect those aged between 15 and 19 years old (only 6,1% of them in 2016) since most of them are still in education, but it still shows strong signs of youth exclusion for the population between 20 and 34 years old, with a figure reaching up to 18,3% in 2016 compared to 16,5% in 2008, and a decrease since the peak of 20,1% reached in 2013.

Moreover, as already mentioned finding a job does not necessarily translate into escaping the risk of poverty. Even when employment levels were increasing (up 8% between 1995 and 2010), poverty rates still rose or remain stagnant. Between 2010-2011, it was estimated that only 50% of

²⁰ Youth unemployment rates measure the share of unemployed young people aged between 15 and 24 years old as a percentage of youth labour force, that is, those who are without work and available for work.

those who were unemployed, lived in a poor household and entered into employment managed to exit from poverty, a figure explained by the quality of the job (type of contract, working hours and wages) and household composition (Thévenot 2017: 427-430). Thus, looking at in-work poverty (the share of persons who are at work and have an income below the poverty threshold), the EU-27 and the Eurozone average show an increase of 1% (from 8,6% to 9,6%) and 1,5% (from 8,1% to 9,5%) respectively between 2008 and 2016. Ten Member States (EL, PT, PL, LT, LV, AT, SE, IE, BE, FI) have lower figures than in 2008 while all the others show a rise of the number of working poor (including the countries which displayed a decrease of their total unemployment rate, except for Poland). This data shows only one side of the quality of jobs, namely income security, but as will be shown in the next section, it is the rise of multidimensional forms of economic security that is puzzling.

In terms of gender disparities on the labour market, the gender employment gap remains important with the share of working age men in employment exceeding that of women by 11,6% in 2016, while the proportion of women working part-time remains significantly higher with an EU average of 31,4% in 2016 compared to that of men (8,2%). In terms of the gender pay gap, women's gross hourly earnings were still 16,2% on average below that of men in the EU. Overall, women face underrepresentation in the labour market, lower earnings and a higher at-risk-of-poverty-or-social-exclusion rate.

2.4. *Income disparity matters*

Finally, since '[t]he different parts of the income distribution story cannot be separated' (Aaberge, Atkinson and Sigstad 2017: 121), poverty cannot be isolated from the broader question of inequalities. In the matter, the EU remains the less unequal part of the world with an average Gini coefficient of 0,3 compared to 0,4 in the USA (OECD data).²¹ Looking at the S80/S20 income quintile share ratio, the EU average is at 5,2 in 2016, which means that the total (equivalised disposable) income received by the top 20% of the population is 5,2 times more than that received by the bottom 20%. The EU average has remained broadly stable over time but the dispersion between MS is widespread and follows an upward trend. Compared to pre-crisis levels, income inequality is also rising within many EU countries, and in particular in most Southern European and some Central and Eastern European countries due to an intensification of wage polarisation and labour market segmentation combined with less redistributive tax-and-transfer systems, high

²¹ The Gini coefficient measures to what extent a country's income distribution deviates from perfect equality: 0 meaning that everyone has the same income (perfect equality) and 1 means full inequality, where only one person possesses all income.

levels of unemployment and in certain instances, the effect of fiscal consolidation (SPC 2017: 82). During the same period, Belgium, Finland, Hungary, Latvia and the UK in particular saw substantial reductions of income inequalities, according to this indicator. Yet, these figures do not allow on their own to see how the evolution of income poverty rate is influenced by other variations along the income distribution curve such as the ‘squeezing of the middle’ and the ‘racing away’ of the top 1% in particular (Aaberge, Atkinson and Sigstad 2017), which show more worrying trends, that will be discussed in section 3.4.

2.5. The poverty target is not in sight

Overall, this section revealed the following key findings. The social map shows a disparate picture with countries performing differently according to the various indicators surveyed and displays a gap along the north-south divide, in particular. The most vulnerable groups are young people, children and women depending on the indicators surveyed. Trends show a rise in the depth and the persistence of poverty and an increase of labour market exclusion affecting young people in particular, as well as the persistence of gender inequalities. Findings also highlight that securing access to a job is not sufficient in itself to escape monetary poverty and that disparities of income are rising. Moreover, while this section revealed the positive effect of redistributive mechanisms of social transfers on poverty alleviation (as shown by the difference between the poverty gap and the at-risk-of-poverty rate), it also exposed the fact that making social transfers sufficiently inclusive and pitched at an adequate level remains a key issue across the EU (as shown by the rise of poverty risk among the unemployed).

In face of this situation, according to the last Annual Report of the Social Protection Committee (2017: 10), ‘improving the performance of social protection systems in terms of poverty prevention and reduction as well as social investment will be essential to achieve the 2020 poverty and social exclusion target and contribute to upward convergence in the EU’. This said, a critical stance on the poverty target itself remains necessary as it remains inferior to that of the Sustainable Development Goals (SDG) of the United Nations(UN): the EU poverty targets amounts to a decrease of about 17% of the AROPE rate between 2010 and 2020 whereas the UN target – to which all EU Member States have subscribed – aims at reducing the share of the total population living in poverty in all its dimensions, according to national definitions, *by at least half* between 2015 and 2030 (UN 2015: 15). In short, even if the EU managed to attain its own objectives, it would still need to intensify its commitment to reach more ambitious objectives.

3. The rise of economic insecurity

Whilst the previous section sought to establish a global vision of the situation, in this section my aim is to analyse some of the current trends that underlie some of the worrying figures identified above. I do not discuss certain well-known pressures associated with changing demographics (i.e. population ageing and declining fertility rates) and early retirement, deindustrialisation, increased activity rates of women, changing family structures and gender roles, etc., all of which are said to erode the sustainability of welfare states (see Glennerster 2010 for a review). Instead, I focus on current novel processes of precarisation producing situations characterised by multidimensional forms of economic insecurity, a notion that captures well the various characteristics of poverty put in evidence in the introduction. The concepts of ‘precarisation’, ‘precarity’ and ‘precariat’ have been defined in various, sometimes incompatible, ways but ‘they have typically been connected with insecure, volatile or vulnerable human situations that are socioeconomically linked to the labour-market dynamics’ (della Porta *et al.* 2015a: 1). In short, precarity points to the risk of poverty associated with economic insecurity.

Although precarisation is a global phenomenon, it is a novel ongoing process that penetrates EU countries as well, albeit in varying degrees. Overall, it points to contemporary circumstances marked by ‘massive unemployment and the insecurity of many, the failure of traditional networks of social protections to deal with these conditions, the proliferation of individuals who occupy the position in society of ‘supernumeraries’, either ‘unemployable’, unemployed or employed only precariously and intermittently’ (Castel 2003: xiii). The dynamics producing precarious situations are commonly traced back to the field of forces underlying the transformations of capitalism, themselves typically associated with neoliberal policies affecting labour market regulation and welfare state reforms, thereby reproducing various forms of uncertainties and insecurities (Standing 2011, 2014; della Porta *et al.* 2015a, 2015b). Although its definition is a matter of debate given its high ideational plasticity, I take it that ‘neo-liberalism today entails belief in competitive markets enhanced by global free trade and capital mobility, backed up by a pro-market, limited state that promotes labour-market flexibility and seeks to reduce welfare dependence while marketizing the provision of public goods. As such, neo-liberalism can be seen as representing a theory that combines both cognitive and normative ideas about a specific type of capitalist organization of the economy’ (Schmidt and Thatcher 2013: 6).

Against this backdrop, this section analyses the main trends and factors that together explain the precarisation of a rising number of individuals and address the problematic relation between labour market dynamics and poverty in particular. I start by focusing on the precariat, understood as a

class-in-the-making affected by multidimensional forms of insecurity. I then turn to the various factors that shaped the emergence and the continuous rise of economic insecurity, namely labour market flexibility, technological change, and the rise of inequalities.

3.1. *The precariat*

The term ‘precariat’ is a neologism based on a contraction between ‘precarity’ and ‘proletariat’ to refer to a specific socioeconomic category that does not fall into old industrial social classes categories and which is characterised by multidimensional forms of insecurity (Castel 2003, 2011; Standing 2011, 2014). It must be noted before proceeding further that there is an ongoing debate in the sociological literature about the validity of the precariat as a distinct class category and whether it should be understood as an aggregate set, a ‘multitude’, referring to something else than a class per se (see della Porta *et al.* 2015a for a review). However, even those who contend its objective class characteristics agree with the fact that a growing and heterogeneous group of people face a combination of multifaceted processes leading to the threat of marginalisation, social exclusion and deprivation (see e.g. Savage *et al.* 2013). Since what interests me is not the existence of a class per se but, rather, the dynamics giving way to new forms of precarious situations, I consider the precariat as a gateway to enter the analysis of these trends. With this in mind, this section draws on the work of Guy Standing (2011, 2014) in particular to present the various characteristics of the precariat and, subsequently, the various factors that can explain its advent.

The precariat can be defined as a fragmented social class-in-the-making, in which individuals (to which Castel referred as the ‘supernumeraries’) lack (or benefit very insufficiently from) the seven forms of labour security inherited from the post-Second World War industrial period (Standing 2011: 16-17): a) *labour market security* refers to adequate income-earning opportunities on the labour market (which is associated at the macro level by a government’s commitment to “full employment”); b) *employment security* points to the protection against arbitrary dismissal such as regulations on hiring and firing; c) *job security* concerns the ability or opportunity to retain a job position as well as barriers to involuntary skill dilution and prospects for upward income and status mobility; d) *work security* refers to the protection against social risks such as accidents and illness at work thanks to regulations on health and safety, limits on working hours, etc.; e) *skill reproduction security* points to the opportunities to acquire skills through internships and employment training, and to be able to effectively make use of them; f) *income security* concerns the guarantee of a stable and adequate income protected by wage indexation and social security provisions for instance; g) *representation security*, finally, refers to the existence of a collective voice in the labour market through labour unions and the guarantee of a right to strike. Furthermore, the precariat’s social income

structure²² (the support from a variety of sources one can anticipate in case of need) is characterized by its vulnerability given its dependence on relatively low and/or variable wages, its lack of access to firm benefits, insufficient (if any) community support or private savings and few (if any) entitlements to state benefits. Precariatized people also lack work-based and occupational identity, the former referring to a sense of belonging to a solidaristic labour community and the latter to a sense of occupational meaning and a sense of career.

The precariat is heterogeneous because it regroups relatively high- and low-skilled people, young and old individuals, men and women, migrants, etc. When not unemployed, they are often in part-time employment, temporary forms of labour, 'mini-jobs', internships, etc. While the fragmentation of this socioeconomic group points to the existence of a variety of precariats, affected by the various forms of insecurity in different degrees, they share 'a sense that their labour is instrumental (to live), opportunistic (taking what comes) and precarious (insecure)' (Standing 2011: 22-23). Another common feature is the fact they are 'denizens' in the sense that the precarity of their situation impedes on their capacity to enjoy the full set of citizenship rights, including civil, cultural, social, economic and political rights. A precariatized individual thus lacks effective access to at least one of them.

However, sharing commonalities does not mean that it is a class-for-itself. It has internal divisions, such that people blame each other for their situation. This is well exemplified by discourses opposing nationals and migrants or 'hardworking' low-wage earners and 'lazy' welfare recipients. The precariat is also characterised by anger, stemming from the lack of opportunities and relative deprivation, as well as a sense of passivity and despair, anxiety associated with chronic insecurity, low self-esteem and alienation. The mix of these feelings feeds fear, frustration, lack of empathy and resentment, which might partially explain the rise of populist discourses.

Finally, the precariat is a class-in-the-making because it is growing. While precarious forms of employment accounts for a minority of the stock of existing jobs, in terms of fluxes (i.e. new job creations) they are preponderant (Castel 2011). In this sense, there is a significant risk that insecure and unstable forms of employment become the dominant norm on the labour market, making so-called 'a-typical' jobs very much less so, such that the precariat might become a permanent feature of labour structures, and result in an 'exit from the bottom' of the salariat (Castel 2011). The

²² Standing (2011: 19) defines social income as being constituted by six elements: self-production (the goods and services directly produced that are consumed, exchanged or sold), money wage received from labour, the value of family or local community support, enterprise benefits, state benefits, and private benefits derived from investments and savings. Each of these can be more or less secure. For example, wages can be fixed by a long-term contract or be variable, and state benefits can be universal or discretionary.

combination of stagnant mass unemployment and labour market segmentation (marked by an aggravation of the dualization between high earners occupying comfortable positions and low-wage earners in precarious activities on the other end) would also put an increasing pressure on systems of solidarity, in particular when they rely on a contributory basis as in the Continental model (see section 4.2.). But the precariat is growing as a result of a number of economic trends and political decisions, to which I now turn.

3.2. *Labour market flexibility*

The common link between the variety of people affected by precarity lies, beyond the similarity of insecurities they face, in the dynamics produced by global transformations of capitalism:

What is at stake in these events, which are ultimately generated by economic processes of globally integral capitalism and mediated by locally specific governmental practices, is not just the particular form, mode, and degree of using labour power in the market, but actually the fate of living labour, social co-operation, and (form of) life itself. [...] In other words, precarity and precarization, above all, mean the colonization of life by market forces [...]. (della Porta *et al.* 2015a: 10)

Guy Standing agrees with this perspective. For him, the rise of the precariat originates in a ‘global transformation’ of the world economy towards its ‘disembedding’ from society since the 1970’s (Standing 2011: ch. 2). He argues that, besides the direct impact of global trade which has increased deindustrialisation and offshoring, neoliberal policies of deregulation to ensure market efficiency, competitiveness and economic growth have rolled back fiscal policy as an instrument of progressive redistribution, reducing the capacities of welfare states to tackle inequalities and guarantee economic security. In particular, he identifies the pursuit of labour market flexibility, widely seen by the tenants of neoliberal policies as the required corollary of global competition, as the main direct cause of the emergence and growth of the precariat. While these trends are less intense in Europe than in other parts of the world (thanks to a more rigid approach of wage setting for instance), EU Member States are not exempt of them.

Labour flexibility affected the rise of the precariat in various ways. Numerical flexibility, associated with the capacity to hire and fire employees, affected employment security, while functional flexibility, characterised the firm’s capacity to organise the division of labour between tasks, positions and workplaces at the lowest cost possible, increased job insecurity. Another requirement of global competitiveness, wage flexibility, affected both the level of income, income insecurity (because of a shift from fixed to flexible and less predictable pay) and the structure of social income. Labour flexibility (along with the international integration of labour markets through trade and offshoring and technological progress, see *infra* on this latter point) has led to ‘job market polarisation’, that is, the propensity for the economy to replace a series of well protected middle-

class and middle-skilled jobs with a combination of low-wage service jobs and highly-skilled and highly-paid professional jobs. Moreover, a process of ‘tertiarization’ of labour, which points to ‘a combination of forms of flexibility, in which divisions of labour are fluid, workplaces blend into home and public places, hours of labour fluctuate and people can combine several work statuses and have several contracts concurrently’ (Standing 2011: 64), has led to changes in occupational structures and loss of control on the part of employees. Overall, the ‘contractualisation’ of labour resulted in labour re-commodification and in the subsequent erosion of the seven forms of labour security mentioned supra. These trends were accentuated by the global economic and financial crisis because the recession it triggered put an additional pressure on firms to cut costs and led governments to support labour flexibility measures and labour subsidies to reduce unemployment.

In a context of stagnant wages and the rise of atypical forms of employment, unemployment traps (see chapter two) became widespread, leading to the tightening of entitlement conditions, the expansion of means-testing and cuts of benefits because to ‘make work pay’. The contractualisation approach, (which also affected the public sector by contracting out a number of services and cutting public sector wages, employment status, benefits and pensions), expanded to systems of social security, such that the unemployed has to respect the obligations stipulated in a contract as well as a greater risk of sanctions in case of non-compliance. This also implies that the unemployed are affected by tertiarisation: ‘they have multiple ‘workplaces’ – employment exchanges, benefit offices, job-search training offices – and have to indulge in a lot of work-for-labour – filling in forms, queuing, commuting to employment exchange, commuting in search of jobs, commuting to job training and so on. It can be a full-time job to be unemployed, and it involves flexibility’ (Standing 2011: 81). Finally, the perception of unemployment has changed: while it was mostly seen in the past as the result of economic and structural factors, the emphasis is now associated with individual responsibility, as unemployment is perceived as a lack of employability, personal failings, or excessive expectations on the job market.

3.3. Technological progress

The rise of precarious employment and of unemployment is also explained by current trends in the development of information and communication technologies, the automation of previously man-held activities, developments in artificial intelligence and the ‘rise of the robots’ (Ford 2015). These changes may bring positive aspects for some, thanks to the rise of productivity, the new work opportunities brought by digital tools, teleworking and flexi-time, and a potential re-balancing of work and leisure time. For others, however, they are a source of insecurity as they risk accelerating

the spread of non-standard employment, such as that already in the ‘gig’ economy, with contracts lacking the labour securities mentioned supra and replacing an important amount of jobs.

As noted by the European Commission (2017b: 17), ‘[w]orking life is being radically transformed by the combined effect of technological progress, globalisation and the growth of the services sector. Indeed, entire sectors of the economy are being reshaped through the collaborative economy and online platforms. The workforce has to cope with an increased pace of change for acquiring new skills, adjusting to new business models, or adapting to shifting consumer preference’. And the new realities of the labour market are evolving at a fast pace: 72% of the European active population is now employed in the services sector compared to 67% a decade ago, 1 in 6 Europeans telework while they were 1 in 14, 44 million work part-time and 22 million hold temporary job contracts while they were respectively 33 million and 18,5 million ten years ago (EC 2017b: 17). The future trends concerning tomorrow’s work life bring important challenges, as recognised by the Commission itself:

Work will become increasingly focused on output and outcomes rather than physical presence in a specific location, with more opportunities for people to work as free-lancers and combine several jobs at the same time...This is emblematic of increasingly diverse and irregular working patterns and working conditions that end the prospect of a traditional career. In its place are new forms of contracts, greater geographical mobility and more changes in jobs and working status...While new types of contracts can be a stepping stone to the world of work, there is also a risk of increasing labour market polarisation, with evidence of rising wage inequalities and people with low skills trapped in low quality jobs with few prospects of advancement. (EC 2017b: 17)

These changes are also accompanied by new social risks such as stress, anxiety, depression, ‘burn-out’ and ‘bore-out’, technological addictions, etc. These risks affect a population larger than the precariat, but the impact of digital life and multitasking which are known for their negative impact on long-term memory consolidation process, attention span, productivity and capacity to reason, might have even more important implications on the ‘precaritised mind’, more subject to short-termism and lack of time, lack of occupational control and careerless perspectives (Standing 2011: 31- 33). Studies in behavioural economics corroborate this risk by showing how a lack of basic economic security impacts cognitive functions and long-term-oriented decision making (Mani *et al.* 2013; Mullainathan and Shafir 2013).

Moreover, the hybridisation of labour market statuses and types of contracts brings additional strains for social protection systems, both in terms of status and effective access, to cover social risks (Spasova *et al.* 2017: 7). Besides the lack of a suitable definition for non-standard and self-employed people at both national and EU levels (Spasova *et al.* 2017: 11), those in non-standard forms of employment generally have the same statutory access to social benefits as those in

standard employment, except for a significant proportion of them who are on temporary agency contracts, civil law contracts or zero-hour contracts, as well as on-call workers, casual and seasonal workers, while the self-employed may be completely excluded or only able to opt in voluntarily to essential insurance schemes (Spasova *et al.* 2017: 8). Yet, there are, in effect, important problems of coverage as the criteria for eligibility should be adapted to the situation of both forms of employment. According to experts, a lack of or limited access to social protection can be unfair, because non-standard workers and self-employed face a comparatively higher risk of poverty, inefficient, because it may imply high social costs, and produce distorting effects on the labour market that hinder employment opportunities (Spasova *et al.* 2017: 8-9).

Finally, the amount of jobs at risk of replacement by the automation wave is potentially huge, for both blue and white collars this time, contrary to previous industrial revolutions which were mostly affecting low-skilled jobs (Ford 2015). According to Frey and Osborne (2013), about 47% of American jobs might be replaced in the next twenty years. Using the same methodology, the Bruegel think tank evaluated that, in the EU, about 54% of jobs might be replaced during the same period. Using a different methodology, another study proposes a much more conservative figure, with 9% of the jobs in 21 OECD countries at risk of replacement (Arntz *et al.* 2016). According to Ford (2015), whatever the scope of its impact, the fruits of this new automation wave, considered as a fourth industrial revolution brought by information technology, will be very unevenly distributed. The owners of this new capital will be the immediate winners, wages risk stagnating or falling, impacting the purchasing power of those in employment, while current systems of social security benefits would be unsustainable.

3.4. Inequalities

The reference to the uneven distribution of wealth allows me to turn to a third major trend affecting economic security in addition to and in correlation with labour market flexibility and disruptive technological changes, namely inequalities. Important inequalities in wealth distribution impact the extent of poverty and insecurity given the inextricable link between what happens at the top of the distribution the situation of those at the bottom (Atkinson 2015: 25). As a recent Oxfam report highlighted (Hardoon 2015), in 2014, the world's wealthiest 1% owned nearly half of global wealth, while the other half going to the 99% is almost entirely owned by the richest 20%, leaving only 5,5% of global wealth for the remaining 80%. Globally, not only is the gap particularly important, it is also widening.

One possible explanation can be found in Thomas Piketty's major book *Capital in the Twenty-First Century* (2015), in which he disputes the validity of the Kuznets' curve, according to which

economic growth was mechanically associated with a decline of inequalities. Instead, he argues that the long-term trend characterising the evolution of wealth in developed economies is based on the following law: the rate of return on capital (denoted by r) exceeds the rate of growth (denoted by g), such that $r > g$. In the absence of adequate regulation and redistribution, then, the owners of capital get richer faster through accumulation than the rest of the population relying on the growth of national income, wealth is further concentrated through time (the growth of inherited wealth is faster than that of earned wealth), and the share of capital in the national income rises relatively to labour income. But the implications for the distribution of wealth is also about the nature of technological change, which may be biased in favour of capital.

According to the last report on wages of the International Labour Organisation (ILO 2016: 15-16), the average productivity-wage growth gap in the world's developed economies shows how the rise of productivity since the 1980's has not been met by equivalent wage growth, contrary to the correlation between the two variables that existed until the mid-1970's. In other words, real wages have stagnated (except for a recent upward trend in EU countries showing economic recovery from the crisis)²³ while technological progress increased the value of workers' hourly output. In parallel, an overall decline of the share of labour income compared to capital in the national income has been observed between 1995 and 2014 reflecting the faster growth of productivity than average labour compensation and an increase in returns to capital relative to labour, a trend greater in Europe (and Latin America) than in the rest of the world (ILO 2016: 17-20). This is explained by experts as the result of 'a combination of factors including globalisation, skills-biased technology, the weakening of labour market institutions and the growing pressure from financial markets to shift surpluses generated by large businesses towards investors' (ILO 2016: xvi).

During the same period, wage inequality has also widened significantly and is, in many countries, correlated with the decline of labour share in national income (ILO 2016: 21-24). Looking at wage distribution, wages evolve gradually decile by decile and then jump sharply for the top 10 per cent, and in particular for the top 1 per cent. The top decile in Europe receives 25,5 per cent of the total wages in average, while the bottom 50 per cent receive a bit less than 30%. Looking at the dispersion of wages centile-by-centile in Europe in 2010, the top 1% receives the largest share of total wages by far compared to other centiles, amounting to about 6% of total wages. Overall, the report shows that wages inequality is not only determined by individuals' skills-related

²³ Between 2012 and 2015, the EU average real wage growth was at 1,7%, showing a sign of recovery after the crisis, but experts remain sceptical about whether wage growth will be sustained or if a return to wage stagnation is more probable (ILO 2016).

characteristics (e.g. education level or age), but crucially depend on other factors such as gender²⁴, enterprise size, type of contract and the kind of sectors and emphasises the recurrent correlation between greater wage inequality, greater household inequality and falling labour shares.

It also highlights that real estate and financial sectors are over-represented among high income earners. In a context of financialisation of the economy, itself highly dependent on the progress of information technology (with automated algorithms now accounting for two-thirds of stock market trades), the growth of financial sector has been accompanied by increased focus on rent seeking, thereby siphoning profits and wealth from other parts of the economy and reallocating its proceeds to top earners in the income distribution (Ford 2015: 55-56, Atkinson 2015: 163-166). In addition, changing pay norms also play a role. As noted by Atkinson (2015: 108), ‘the switch between regimes where pay is largely governed by pay scales to regimes where pay becomes largely determined on the basis of individual performance’ has further accentuated ‘the upward tilt in top earnings’.

Overall, labour flexibility in the context of the globalisation of labour, the automation wave and the rise of inequalities might be operating in an intertwined fashion, producing the disruptive forces on labour markets already evoked. In parallel, the redistributive role of welfare states has been unwinding: while it could offset market income inequalities to almost 60% between mid-1980’s and mid-1990’s in OECD countries, its proportion declined to about 20% by the mid-2000’s (Atkinson 2015: 67). In the absence of sufficient regulation and redistribution, poverty and economic insecurity are also the result of institutional choices and policies towards the scaling back of tax-and-transfer policies. Undoubtedly, the various dynamics at play do not affect social welfare everywhere in the EU to the same extent given the wide diversity of welfare regimes in the EU. However, to paraphrase Castel’s understanding of the ‘new social question’,²⁵ ‘the processes that produce these situations are comparable, in the sense that they are homologous in their dynamics but different in their manifestations’ (Castel 1995:22, my translation). Even the social democratic welfare model (see section 4.2.1.) is affected. Despite being an inspiring model for many and still doing comparatively better than other models in Europe (it displays the lowest income inequality levels in the world), the Nordic regime faces important difficulties since the economic crisis with stagnating productivity growth, rising unemployment, pressures on lower wages and growing wage

²⁴ The report highlights that ‘women make up on average 50–60 per cent of workers in the three lowest pay deciles; this share falls to about 35 per cent among the best-paid 10 per cent of employees, and further to 20 per cent among the highest-paid 1 per cent of employees’ (ILO 2016: xvii).

²⁵ Historically, the ‘social question’ expression was used to refer to social problems such as the exploitation of the proletariat associated with the emerging industrial society at the end of the 19th Century. The ‘new’ social question was then used at the end of the 20th Century to designate the financial and ideological crisis of the welfare state faced with the growth of unemployment and the emergence of new forms of poverty and social exclusion (Castel 1995; Rosanvallon 1995).

dispersion inequality, decreasing labour union membership levels, and diminishing compensation levels which are now closer to the OECD average (Dølvik *et al.* 2014). While social problems are multiple and multifaceted, behind the diversity of empirical realities, there is some form of unicity with respect to current economic and social restructurations which create new forms of precarity and insecurity and, thereby, a significant risk of expansion of the proportion of Europeans at risk of poverty, whether in or out of work.

4. The conundrum of social protection in the EU

Section two showed that the social map is particularly worrisome and the EU's objective of poverty reduction far from attained. Section three described some of the hurdles associated with the emergence of specific forms of poverty, understood as multidimensional and multi-causal forms of economic insecurity. It also emphasised that current economic dynamics and political choices do not only change the nature of poverty, they reinforce its risk. If one holds, as I do, that ensuring a sufficiently broad coverage and generous levels of social protection are necessary to address these problems, then it is important to look at the other side of the issue, namely the organisation of social protection within the EU polity. In this section my aim is to explain why the social protection dimension is in itself part of the problem of poverty in the EU.

This section thus addresses what I call the conundrum of social protection. It is a conundrum in its own right because of the complexity associated with the place of social protection within the European project and the conflictual dimensions inherent to the pursuit of a 'Social Europe'. To make sense of this complexity, then, rather than seeing Social Europe as a scientific concept providing an objective account of reality, I understand this elusive notion as a gateway to describe the various constitutive elements of the European social dimension and examine the tensions inherent to the process of European integration. I start by clarifying a useful analytical distinction between negative and positive integration. Then, I identify these tensions along three main axes of analysis. The first one is horizontal and points to the challenges posed by the salience of social policy in national politics and the diversity of national social models. The second one is vertical. It relates to the impact of European economic and social integration on national welfare states. Finally, I zoom in on the EU's strategies of poverty alleviation and highlight its progress and limits.

For analytical simplicity, I distinguish between national and European levels, but it is important to mention that the design of social policy in the EU is the result of complex and imbricated processes

of Europeanisation²⁶ and policy transfer²⁷ embedded in a system of multi-level governance (Hooghe and Marks 2001). As a conceptual framework, the multi-level governance approach apprehends the EU as a polycentric system in which political authority is dispersed into a complex web of interaction extending both horizontally and vertically among a multitude of public and private actors acting at European, national, regional, local levels. Instead of seeing states and supranational institutions as singular monolithic entities, this approach posits that European integration depends on many factors, from the role of actors to strategic, normative and discursive variables which form and influence decision-making processes at various administrative levels (Saurugger 2010: 237). Bearing this in mind, I now turn to the distinction between negative and positive integration.

4.1. *Negative and positive integration*

References to neoliberalism remain useful to point to a series of processes and principles that made their appearances since the 1980's, such as 'liberalisation, privatisation, commodification, regulatory reforms' or 'individual responsibility, competition, and enterprise' (Schmidt and Thatcher 2013: 7). It is also pertinent to highlight a series of hypotheses underpinning the concept, such as the confidence in market efficiency, the desirability of free trade and capital mobility, the rejection of Keynesian interventionism in favour of supply-side economics and 'monetarism', the defence of labour market flexibility and cost competitiveness, and the commitment to welfare retrenchment when social benefits are perceived as a disincentive to market participation (Schmidt and Thatcher 2013: 5, based on Hay 2004).

However, when considering more specifically the process of European integration, the analytical distinction between 'positive' and 'negative' integration introduced by Scharpf (1999) is particularly helpful to understand the pro-market bias of European integration. These terms both refer to policies aimed at the development of an integrated economic space beyond national borders but '*negative integration* refers to the removal of tariffs, quantitative restrictions, and other barriers to trade or obstacles to free and undistorted competition [while] *positive integration*, by contrast, refers to the reconstruction of a system of economic regulation at the level of the larger economic unit' (Schaprf 1999: 45). All measures of negative integration pertain to a market-making logic. The

²⁶ Europeanisation refers to 'processes of (a) construction (b) diffusion and (c) institutionalisation of formal and informal rules, procedures, policy paradigms, styles, 'ways of doing things' and shared beliefs and norms which are first defined and consolidated in the making of EU decisions and then incorporated in the logic of domestic discourse, identities, political structures and public policies' (Radaelli 2003: 30).

²⁷ Policy transfer is concerned with 'the exchange of ideas, policies and policy instruments between different political systems across the world' (Bulmer *et al.* 2007: 4). The literature highlights the role of the EU as a 'transfer platform' (Radaelli 2000b: 26) and explains its 'transfer potential' in its multi-level character combining both 'upstreaming' and 'downstreaming' approaches of Europeanisation in a 'joined-up' manner (Bulmer *et al.* 2007: 6).

enforcement of the four economic freedoms proclaimed by the Treaties (i.e. free circulation of goods, people, capital and services) provide the classic example of negative integration involved in the construction of the common market through the removal of barriers to trade. Comparatively, those of positive integration can be both market-making (e.g. creation of new harmonised standards) or market-correcting, taking either a re-regulatory form (e.g. regulations of working conditions) or re-distributive one (e.g. the European Social Fund). In terms of political ideologies, negative integration points to a neoliberal conception of capitalism while positive integration is associated with regulated social market economy. Finally, positive and negative integration often come in pair in practice as the destructuring of national regulatory system is often associated with some re-regulation at the supranational level. As noted by Crespy (2016: 9), it is thus ‘the ‘thickness’ of such re-regulation (clarity of EU legislation and legal security, capacity to constrain economic actors, ability to actually serve users’ interests and protect their rights, effectiveness of implementation on the ground, etc.) and the existence or absence of common policy instruments (regulatory bodies, sources of funding etc.) which eventually determine whether a specific policy contributes rather to positive integration or negative integration’. However, negative integration is inspired by the theory of international trade, according to which free trade produces economies of scale and competition leads to a decrease of market prices. The resulting welfare gains thus make the upgrading of a re-regulatory system not only unnecessary but obstructing and distorting the development of the single market.

With this in mind, Scharpf argues that there is a fundamental asymmetry between negative and positive integration essentially because of the institutional logics underpinning European integration. With the ‘constitutionalisation’ of competition law enshrined in the Treaties, non-majoritarian actors – the European Commission (EC) and the European Court of Justice (ECJ) – are able to use the supremacy and direct effect of EU law to promote a market-making agenda. On the other hand, positive integration demands a high level of agreement between Member States which differ in their ideological, economic and institutional characteristics. When MS prefer maintaining their own institutional arrangements, the pursuit of positive integration may be hindered by a ‘joint decision trap’ (Scharpf 1988). If at the same time, national arrangements are weakened by the combined pressures of negative integration and economic competition, ‘the overall result would be a general loss of problem-solving capacity in the multi-level European polity and, hence a loss of output-oriented democratic legitimacy’ (Scharpf 1999: 83). Scharpf thus argues that ‘the institutional capacity for negative integration is stronger than the capacity for positive integration, [such that] interventionist policies and the interests they could serve are systematically disadvantaged in the process of European integration’ (Scharpf 1999: 49). In the event of such an

asymmetry between positive and negative integration, MS ‘find themselves under the conditions of a ‘competition among regulatory systems’ (Scharpf 1999: 43). As we will see, Scharpf’s argument holds in the case of EU social policy.

Keeping the nuances highlighted above in mind, when considering the social dimension of EU integration, I simplify and use market-making and negative forms of integration synonymously to refer to policies promoting market efficiencies. Similarly, I use market-correcting and positive forms of integration as equivalent to policies promoting social protection. In the field of social policy, then, Scharpf’s argument points to the asymmetry between the pursuit of European integration through policies promoting market efficiencies and those promoting social protection (Scharpf 2002, 2010). I call the imbalance between economic and social objectives the social deficit of European integration. To provide the background for its assessment, I focus first on the challenges posed to positive integration in social protection.

4.2. *The challenge of diversity*

Social policy has a crucial role in national politics. As the largest area of government activity in modern European democracies, it provides an important source of legitimacy. To illustrate, in 2016 government expenditure on social protection accounted for 19,1% of the EU-28 GDP and 41,2% of total government spending, among which social transfers in cash and in kind represent the largest part (Eurostat 2018b). The organisation of ‘social sharing’ thus constitutes an important ‘institutional stabiliser’ in the sense that it bonds citizens with each other and with the state as a separate entity (Ferrera 2005: 14). In other words, social policy is tied with processes of democratic legitimacy and national identity. As a result, MS are reluctant to transfer more of their social obligations to the supranational level as this would put at risk the political base of their legitimacy. To this original difficulty, one must add the ideological, economic and institutional characteristics which pose a major barrier to the development of new problem-solving capacities at the supranational level. To understand why, this section presents the challenge of diversity. It starts with a description of the various ideal-type welfare regimes that constitute the horizontal dimension of Social Europe, before turning to the barriers posed by their diversity to the pursuit of positive integration in the social field.

4.2.1. *National social models*

The European social model (ESM) is often used to highlight a ‘common core of values’ based on a commitment to social cohesion, social dialogue and social protection (Council 2000: 4), or to show its superiority to the neoliberal free-market US model (Whyman *et al.* 2012: 1). As such, it

points to the distinctive characteristics of an *espace social européen* which harbours more comprehensive redistributive mechanisms inspired by egalitarian philosophy, provides a particular place to social partners, has the highest levels of social protection and displays the lowest level of social inequalities in the world. However, whilst the ESM may provide an ideal type useful for heuristic purposes,²⁸ the reality of its constitutive elements is particularly diverse. To illustrate, government spending on social protection varies between 9,9% in Ireland and 25,6% in Finland. Similarly, the quality of life varies significantly throughout the EU. Taking the EU-28 average as reference (=100, 2017 figures), GDP per capita (in PPS) varies from 49% in Bulgaria to 253% in Luxembourg (Eurostat 2018b).

To make sense of the institutional dimensions behind these figures, Esping-Andersen's (1990) typology provides the standard point of departure, which has been refined in a large body of literature on comparative welfare state research such that European MS may now be classified into at least five distinct ideal-type welfare regimes: the social democratic (or Nordic), the conservative (or Continental), the liberal (Anglo-Saxon), the Southern European and the Central and Eastern European (CEE) models (see Arts and Gelissen 2010 for a review). Despite important cross-country variations within each of them, these regimes provide an insight of the diversity at the heart of Social Europe.

In the liberal model (IE, UK), the market plays a central role in the provision of private welfare schemes, the family a marginal one, and the state a residual last-resort one characterised by modest social insurance and highly targeted means-tested social assistance (Castles 2010). It is also historically marked by a 'strong male breadwinner' model (Lewis 1992). The individual is considered responsible for meeting his own needs, such that entitlement rules are strict, and transfers often associated with social stigma. Anglo-Saxon countries generally have low decommodification and high stratification levels, and the role played by labour unions is relatively weak. They also tend to have lower unemployment levels coupled with a higher share of the population with low wages and precarious labour contracts.

The social democratic regime (DK, SE, FI) is marked by a minimal role for the market and the family and an extensive role for the state, which provides universal cash benefits and services in kind mainly through general taxation (Kautto 2010). Given the important role played by high compensation levels and the broad coverage of universal social insurance, last-resort social

²⁸ For instance, Dannreuther (2014: 332-333) suggests that it provides an analytical tool against which the integration of member state performance can be evaluated and Whyman *et al.* (2012: 2-7) consider it as an idealised form of reality that can be used by progressives to advance their social agenda towards further social integration.

assistance mechanisms only play a minor role. The Nordic regime is based on a dual-earner model with high female labour force participation, low gender inequalities and more autonomy for women overall thanks to individual taxation and the provision of social care services. Labour unions display comparatively high membership levels and social partners play a key role in labour market regulations. Overall, the social democratic model combines flexible labour markets and a large institutionalised welfare state providing economic security (a combination referred to as ‘flexicurity’) and a strong place for collective bargaining.

The conservative regime (FR, BE, AU, DE, LU, NL) relies primarily on the state, responsible for correcting market failures, and the family, responsible for caring functions while labour unions play an important role in labour market regulations and the administration of social security (Palier 2010). Social insurance is the primary source for social rights with access to benefits dependent on labour market status and past earnings and financed by social contributions such that universal coverage can only be attained in situations of full employment. With the fragmentation of the system according to professional sectors or status, inequalities on the labour market tend to be reproduced, and the regime shows medium levels of decommodification. Historically based on the male breadwinner model (the ‘family wage’), it displays higher gender inequalities than the Nordic regime. Since the 1970’s, parts of social security were privatised, new policies of social care introduced, and the role of the state reinforced with the introduction of non-contributory and means-tested social assistance schemes focused on the ‘activation’ of the inactive population. Social insurance remains central, but the model has undergone ‘a shift away from systems aimed at income and status maintenance towards employment and market-friendly systems’ leading to a dualization of welfare between insured ‘insiders’ and activated ‘outsiders’ relying on social assistance (Palier 2010: 614).

The Southern European welfare regime (IT, ES, EL, PT) developed later as a distinct model combining elements from all three previous regimes: Scandinavian universalism with healthcare systems, continental corporatist fragmentation with contributory pension systems and a key role for labour unions, and the minimal residual role of the liberal state in social assistance (Ferrera 2010). Historically marked by ‘strong familism’, the (extended) family plays an important role as ‘social shock absorber’, and a strong gender bias in favour of men remains. Since the 1990’s, reforms aimed at making labour markets more flexible and less segmented, social insurance systems more homogeneous and more sustainable, and safety-net more inclusive, with measures such as: attenuation of generous pension levels, improvement of social assistance schemes (e.g. with the introduction of minimum income schemes), expansion of family benefits and social care services,

policies to promote gender equality. But with the crisis, the traditional insider/outsider cleavage has been exacerbated hitting the young, women and immigrants particularly.

Finally, some have argued that new MS from Central and Eastern Europe may be regrouped under a new welfare regime marked by a hybrid layering of inherited communist universalism (education and healthcare), revived pre-communist Bismarckian social insurance (pension and unemployment benefits) and liberal market-oriented elements (flexible wages and labour contracts) influenced by globalisation, international financial institutions and Europeanisation (Omerstein 2008; Cook 2010). CEE countries have state-financed and more or less generous social assistance schemes, and unemployment benefits with low duration and wage replacement rates. They also inherited a 'dual breadwinner, double burden' communist welfare model offering women-friendly policies in employment and social care, and supporting unequal domestic division of labour simultaneously, but a trend towards a 'refamiliarization' of health and education along with high unemployment and economic insecurity have increased women dependency on men's incomes, even if there is important heterogeneity between countries (Cook 2010: 673-674, 683). Overall, CEE countries have become less statist and redistributive, more welfare retrenched and stratified, more liberal and market-oriented but retained important elements of state provisions and universal entitlements. On average, social protection is generally much lower compared to other European models.

4.2.2. Barriers to positive integration

Against this backdrop, it is easy to see how finding agreement on the direction of positive integration in social policy faces major difficulties. I distinguish between political, operational and (a new set of) economic difficulties. First, given national institutional differences, and the social philosophies that underpin them, trying to find a uniform EU-wide model is likely to produce major opposition in MS undertaking the necessary reforms, a risk national leaders are not ready to take given the importance of social policy in terms of legitimacy: 'uniform European solutions would mobilise fierce opposition in countries where they would require major changes in the structures and core functions of existing welfare state institutions, and member governments, accountable to their national constituencies, could not possibly agree on European legislation imposing such solutions' (Scharpf 2002: 651).

Even for those taking a similar stance on social objectives, difficulties may be substantial. Positive integration in the social field is generally associated with the political project particularly salient during the Delorsian era understood as 'the provision at the European level of substantial re-regulatory and redistributive measures that aim to ameliorate the material consequences of the operation of market capitalism, inspired ideologically by northern European tenets of social

democratic ideology' (Crespy and Menz 2015a: 3). Scharpf argues that political forces favouring such a view of Social Europe face a dilemma:

to ensure effectiveness, they need to assert the constitutional equality of social-protection and economic-integration functions at the European level – which could be achieved either through European social programmes or through the harmonisation of national social-protection systems. At the same time, however, the present diversity of national social protection systems and the political salience of these differences make it practically impossible for them to agree on common European solutions (Scharpf 2002: 652).

To find ways to circumvent this dilemma, the EU opted for a new mode of soft governance in the field of social protection. The open method of coordination (OMC) is a voluntary process founded on the definition of common benchmarks and objectives, the exchange of 'best practices' and the elaboration of national strategies to improve convergence. It can be seen as a compromise between 'doing nothing' and setting unacceptable binding provisions in the absence of political will to transfer competences in highly sensitive areas such as social protection (Anderson 2015: 31). The use of non-binding instruments to overcome political barriers reveals the difficulties to find consensus on the upscaling of social policy instruments at the supranational level.

Moreover, whilst the difficulty was already significant in the early 2000's, the accession of new MS with generally less generous social models further reinforced the unlikelihood of a political consensus on an EU-wide social model. This is exemplified by the different reactions taken by MS to the free movement of citizens from CEE countries with 12 countries out of 15 shielding their labour market through transitional 'opt-out' clauses, or by the rejection of the European Constitution by French and Dutch electorates partly because they feared that deeper integration would undermine their social models (Anderson 2015: 220). Some have explained that since the 1990's citizens became more aware of the impacts of EU intrusion in social policy (see next section), which raised the political salience of EU integration in domestic debates and constrained national leaders' margin of manoeuvre at EU level. According to them, in this context the pursuit of EU integration evolved from 'a permissive consensus to a constraining dissensus' (Hooghe and Marks 2008).

Second, finding an operational basis for the upscaling of social instruments is particularly difficult when considering welfare state variations in terms of their basis for benefit entitlement (citizenship, residence, labour or family status), the basis for their calculations (need, previous earnings and contributions, flat rate, regressive or progressive rate), their funding (general taxation, social contributions, indirect taxes) and the responsible entity for the schemes' administration (labour unions, state, private sector...). National strategies against poverty thus differ in the kind of

instruments used but also in the way they prioritise employment for people less attached to the labour market, as well as the different levels of government involved. Certain countries tend to have a strong centralisation of the welfare state while others have subsidiarised the governance of social protection at local or regional levels (e.g. Germany or Belgium). The principle of subsidiarity, which holds that matters are best handled at lowest level, also takes a central place in the EU governance: ‘the Union shall only act if the objective of the proposed action cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale or effects of the proposed action, be better achieved at Union level’ (art. 5(3) TEU). As will be explained later, this principle takes a particular place in social protection, in which the EU acts mainly in support of national systems. Besides the political reasons attached to the respect of national sovereignty in social policy, this principle is also justified on the basis that the local context matters given the fact that MS face different kinds of pressures at different levels. Taking all these elements into account and adding to it the wide differences in poverty rates, developing a one-size-fits-all approach may be both inappropriate and ineffective. However, this does not mean that the EU cannot take an important role in setting general principles or a more active role in redistributing resources to ensure that, for instance, the right to social assistance be tangible and effectively enforced, as noted by Vandenbroucke *et al.* (2013: 275):

the nexus of rights and obligations makes it difficult to operationalise the right to social assistance at EU level without some reference, albeit implicit, to the importance of the local context, notably with regard to the labour market. [...] That is not to say the general principle of a right to social assistance may not be formulated as hard legislation, justifiable before courts [...] but the tangible meaning of that right for citizens’ daily lives will crucially depend on judgments about implementation in specific contexts.

Yet, as will be shown in the next section, one of the problems at EU level concerns the lack of hard legislation in EU social policy to ensure that local institutions do enforce social requirements, albeit according to local context. Another one stems from the fact that ensuring a social minimum may be more difficult in MS with less mature welfare states, which means that these may need financial support. In other words, cross-border redistribution may be necessary, which also raises normative questions about the very meaning of solidarity at EU level (see chapter four). In short, the operational complexity (and its translation in legal terms) render the establishment of a full-fledged uniform European welfare state not only difficult to realise but potentially undesirable, whereas middle-grounds (regulatory and redistributive) solutions still demand to overcome hurdles associated with the political barrier. The issue of financial solidarity just mentioned also poses a difficulty of an economic kind, which allows me to turn to a third and last point.

Finally, the diversity of social models has economic implications, which themselves challenge the prospects of further positive integration. For a long time, the EU worked as a ‘convergence machine’ between European economies. However, since the outburst of the global financial and economic crisis, the process of convergence literally stopped (EC 2017b: 8). The 2008 crisis and the subsequent euro crisis actually amplified economic and social disparities between countries, in particular between the north and the south of the monetary union (Andor 2017). Socioeconomic imbalances do not only reveal the differences in outcomes produced by member states’ distinctive institutional logics, political preferences and market-correcting effectiveness in response to the economic shocks. In an economically integrated area which lacks certain instruments at the supranational level, they may also be caused or amplified by a combination of factors such as capital flows, financial distrust, budgetary austerity, etc. (De Garuwe 2018). In these circumstances, national social benefits, which play an essential counter-cyclical role of shock absorption in economic downturns, may be insufficient to maintain standards of living on the long run or they may suffer the consequences of ‘internal devaluation’ (e.g. by cutting wages and public spending), thereby further increasing social imbalances (e.g. unemployment and poverty rates).

To ensure national resilience in face of economic shocks and constrain the risk of contagion between members of the currency union, there is widespread agreement that the EMU is incomplete and requires, among other things, a fiscal union, for instance in the form of a European unemployment benefit scheme supporting national benefits (Beblavý Marconi, and Masselli 2015; Andor 2017; EC 2017b; Vandenbroucke 2017a, 2017b, 2017d; De Grauwe 2018). However, if members of the currency union wish to pool some of their resources, some argue that they must increase institutional symmetry to ensure mutual trust and avoid problems of moral hazard (Vandenbroucke 2017a, 2017b). Paradoxically then, it is when further integration may be most desirable to safeguard national social protection systems in times of crisis that social imbalances (partly created by the lack of solidarity) render the political agreement on a mechanism of solidarity between MS more difficult to achieve.

4.3. The social deficit of European integration

Despite these difficulties, which explain that no unique EU-wide welfare model developed at the supranational level, the EU still developed a wide array of competences in the social field affecting national systems of social protection both positively and negatively and which are best understood in parallel with the impact of negative integration. In this section, I turn therefore to the vertical tensions involved in Social Europe that characterise the EU’s social deficit. I evaluate the impact of negative integration on national systems of social protection, the development of EU social

policy and the recent changes operated in EU governance since the crisis. I argue that integration in the social field remains ancillary to economic integration and biased towards market-making purposes.

4.3.1. Destructuring of national systems of social protection

Historically, the place of social protection in the European Union was founded on the division of labour between the logic of ‘market opening’ at European level through negative integration and the logic of ‘closure’ underpinning national practices of social sharing (Ferrera 2005: 92). In short, trade would trigger economic growth and EU welfare states would be able, as a result, to provide a generous system of social security. At EU level, social policy provisions remained mostly concerned with the rights of workers in order to promote and facilitate the mobility of labour and included equal pay for men and women, provisions concerning paid holidays and the creation of the European Social Fund (ESF) to promote employment and worker mobility.

However, the founding fathers’ welfare compromise gradually became untenable as the process of economic integration based on the constitutionalisation of the four freedoms for market-making purposes (along with economic globalisation and other endogenous developments) significantly altered and remodelled traditional national boundaries of social sharing. The expansion of EU law eroded national sovereignty (i.e. their legal authority) and autonomy (their capacity to exert de facto control) over social protection systems in order to comply with the requirements of market compatibility (Ferrera 2005: 120, based on Liebfried and Pierson 1995). More specifically, the supranational legal order affected domestic capacity to define who is entitled to social security (in compliance with the free movement of workers, nationals of other MS must also be admitted to social security), its spatial control over consumption (benefits are transportable across the single market and beneficiaries are able to consume services in other MS), the exclusivity of coverage over national territory (for instance, posted workers may reside temporarily in a country while remaining dependent of another member state’s welfare regime), the control over access to the status of benefit producer (in compliance with the freedom of service, foreign providers may access some areas of welfare systems such as in the case of healthcare services), and control over administrative case adjudication (the beneficiary status such as ‘being sick’ or ‘disabled’ may be decided by other national agencies) (Ferrera 2005: 120-121). Moreover, with the transnationalisation of capital and the free movement of firms across the single market, national control over traditional economic foundations of domestic redistribution (i.e. tax bases) was also altered (Ferrera 2005: 206). In short, the four freedoms allowed a combination of new exit and new

entry options such that EU welfare states became ‘*semi*-sovereign entities, irreversibly embedded in an institutional framework characterised by a systematic pro-market bias’ (Ferrera 2005: 121).

4.3.2. *Restructuring at supranational level*

Besides the ‘destructuring’ pressures operated by European economic integration through negative integration on national welfare states, some ‘restructuring’ of social policy took place at the supranational level (Ferrera 2005: ch. 6). Despite the weakness of its legal base, the expansion of supranational competences in social policy has been significant.²⁹ The development of EU social law progressively led to an important register of social rights for individuals which they may enforce in national courts (Keleman 2011). The EU regulates access to employment and social security beyond national borders and severely restricts national prerogatives to pursue exclusionary or discriminatory rules in social protection. As such, EU integration in the social field has created a ‘new opportunity structure’ guaranteeing the cumulability and exportability of social rights in a novel social citizenship space confounded with its external borders (Ferrera 2005: 207). There is, however, a notable exception which reveals the persistence of an asymmetry between workers and non-workers’ right of free movement: European law allows the restriction of the freedom of movement if someone lacking sufficient resources risks becoming ‘an unreasonable burden’ for the host member states’ social assistance scheme (Directive 2004/38/EC: recital 10).

Nonetheless, on the whole the reconfiguration of both spatial and membership dimensions of citizenship goes beyond a mere transnationalisation of rights as the EU has equipped itself with a series of objectives and principles set in its primary and secondary law, which organises the allocation of competences and decision-making procedures into what some have referred to as a ‘European social constitution’ (Ferrera 2017: 49). For instance, the EU aims at promoting the well-being of its citizens through a ‘social market economy, aiming at full employment and social progress’, it ‘shall combat social exclusion and discrimination’, and promote ‘social justice and protection’, ‘solidarity between generations’ and ‘economic, social and territorial cohesion’ (art. 3 TEU). The EU also recognises the European Charter of Fundamental Rights as having the same legal value as the Treaties (art. 6(1) TEU).³⁰ The Charter includes a range of social ‘rights’ or ‘principles’ under its heading IV entitled ‘Solidarity’ which was included precisely to avoid

²⁹ Falkner (2010: 293) estimated that, in 2009, the EU had issued no less than 80 directives and regulations in the fields of health and safety, working conditions and non-discrimination either through the community method or social dialogue.

³⁰ The Charter of Fundamental Rights has been greatly inspired by the legal activity of the Council of Europe and in particular by the European Convention of Human Rights (ECHR). Concerning fundamental social rights more specifically, the Union’s law owes a lot to the Council of Europe’s European Social Charter and European Code of Social Security, as well as to the International Labour Organisation’s Convention n°102 on minimum standards of social security (art. 151 TFEU; Preamble of the Charter).

sacrificing social standards in the pursuit of economic objectives (De Schutter and Dermine 2017: 120). Similarly, the incorporation of the Horizontal Social Clause in the Treaty of Lisbon sought to rebalance the social and economic dimensions of the EU (De Schutter and Dermine: 120, fn 48).³¹ The social constitution also sets the distribution of competences. The EU can act in various ways according to the different fields of social policy but in social protection proper, the EU supports and complements the activities of its MS with respect to the principles of subsidiarity and proportionality.³² For instance, the EU shares competence with its MS in the field of ‘social security and social protection of workers’, and can adopt directives setting minimum standards through a unanimous vote in the Council (art. 153(2)(b)), a competence never exercised in practice. In the fields of ‘combating social exclusion’ and ‘the modernisation of social protection systems’ (art. 153(1)(j) and (k) TFEU), it can only take measure to ensure the coordination of member states policies while the adoption of directives of harmonisation is prohibited (art. 2 and 156 TFEU).

The development of EU’s restructuring nevertheless remains limited and its governance biased towards market-making objectives. The literature on EU social policy emphasises the significant expansion of the EU’s role despite a weak treaty basis but also the partial and piecemeal developments of Social Europe on an ad hoc basis to economic integration (Lange 1992; Hantrais 2007). Even the significant improvements made during the Delorsian social agenda of the 1990’s, which drastically increased the legislative activity in the social field and made major advancement in the development of euro-corporatism (Goetschy 2006) did not manage to re-equilibrate the social and economic dimensions of European integration (Menz 2015). Moreover, given its extremely limited financial means, the role of the EU in social policy is mainly regulatory (Liebfried and Pierson 1995; Majone 1996). Its budget represents only about 1% of the GDP of the EU (in comparison the US federal budget is about 20% of its GDP), out of which 30% is allocated to the Common Agricultural Policy (CAP) and 35% to Cohesion Policy, which is mainly concerned with inter-regional disparities. The European Social Fund (ESF) represents only 10% of the EU’s total budget, it is mainly dedicated to supporting labour mobility and employment and thus remains focused on funding the training of workers and their relocation (Anderson 2015: 30). Compared to the conventional role of social policy at national level which is typically redistributive, the EU

³¹ The clause states the following: ‘in defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health (art. 9 TFEU).

³² The principle of proportionality states that ‘the content and form of Union action shall not exceed what is necessary to achieve the objectives of the Treaties’ (art. 5(4) TEU).

thus sets the bounded regulatory framework in which MS continue to exert their role of taxation and redistribution.

The EU's governance of social policy followed a market-making bias. Many scholars argue that, thanks to the entrepreneurial activism of the Commission and judicial activism of the Court of Justice, the development of social policy was mainly 'left to judges and markets' and favoured a neoliberal market-making agenda (Leibfried and Pierson 2000; Leibfried 2005; Höpner and Schäfer 2010; Falkner 2010; Scharpf 2010). For instance, Crespy (2016) shows how the EU competition law (negative integration) and liberalisation directives (market-making positive integration) led to an important trend of marketisation of welfare services, a trend further amplified in the context of austerity politics.³³ Political economists also argue that with its more active role in social policy governance since the 1980's the EU developed following a 'neoliberal trajectory' mainly directed at both 'reforming' the supply-side of Europe's economies to foster international competitiveness and labour market flexibility and 'modernising' Western Europe's welfare states to ensure their financial sustainability (Whyman *et al.* 2012: 62). This neoliberal trajectory was structurally 'locked-in' with the constraints imposed by the EMU (Whyman *et al.* 2012: 82), a trend further reinforced since the crisis. Overall, the strategy of convergence-through-modernisation of national systems of social protection seems to point, at least in terms of objectives, to the liberal model:

Utilising a range of approaches – from legally-binding regulations and directives to recommendations and the voluntary OMC – the EU aimed to influence the development of Western Europe's welfare states in a direct as well as structural sense. More specifically, the EU aimed to steer Western Europe's welfare states towards the market liberal model in terms of objectives (i.e. improved competitiveness, labour market flexibility, increased means testing, lower social expenditure, reduced welfare benefits to ensure 'work pays', etc.) if not outcomes (eroded entitlements, increased inequality and poverty, more means testing, etc.). (Whyman *et al.* 2012: 82)

What this citation highlights is not that all national welfare states actually converged towards one model – national diversity remains very wide and the literature on Europeanisation emphasise the 'filtering' effect of EU policy by domestic institutions (Cowles *et al.* 2001) – but, instead, that the combined pursuit of negative integration and market-making forms of positive integration (i.e. re-regulation through liberalisation and 'modernisation') points towards a model of welfare retrenchment, at least in terms of objectives and possibly at different speeds and in varying degrees according to national characteristics. Overall, given the pro-market bias of European process of integration, it is likely to have the least effect on social protection systems in countries in which the state plays a minor role compared to the market – they may actually profit from the creation of

³³ 'Welfare services are understood here as an encompassing notion covering all services which are deemed essential with regard to public interest and social cohesion (communications, transport, energy, post, culture, education, health and social care, housing, etc.) provided by public, private or mixed undertakings.' (Crespy 2016: 3)

competitive markets in previously shielded areas – and be costlier for more coordinated economies with highly regulated and redistributive social models and more inflexible markets (Scharpf 2010: 233-235).

4.3.3. Social Europe and the euro crisis

Few would deny that the crisis prompted a period of welfare retrenchment and a worsening of the place of social objectives in EU integration, leading some to argue that Social Europe went from its historic ‘add-on’ status to that ‘dependence-upon’ economic objectives (Copeland and Daly 2015). The economic and financial crisis of 2008 and the resulting sovereign debt crisis of 2010-2011 led to a series of reforms in EU governance which reinforced the marginalisation and the subordination of social objectives to the economic dimension, itself characterized by ‘an ideological straightjacket in which ‘sound’ public finances at the national level are the over-riding priority’ (Copeland and Daly 2015: 141). In other words, the crisis prompted an era of ‘austeritarianism’ (i.e. the enforcement of austerity in top-down fashion, Hyman 2015) during which the ECJ and the Commission further promoted a pro-market integration strategy and embraced neoclassical fiscal orthodoxy based on deflationary macroeconomic priorities. The ‘new European economic governance’ principally aimed at reinforcing the stability of the Eurozone by putting in place new mechanisms for monitoring and coordinating member states’ macroeconomic policies and apply sanctions when necessary (Degryse 2012: 6). With the introduction of the new European Semester³⁴ in early 2011, the EU strengthened its tools for macroeconomic surveillance (such as the Excessive Deficit Procedure (EDP) and the Macroeconomic Imbalance Procedure (MIP)) with the primary aim to enforce fiscal discipline and reduce deficits, based on the requirements of the Stability and Growth Pact (SGP).³⁵ In this context, the accent was put on ‘structural reforms’ presented as vectors to economic and social ‘modernisation’ dominated by a logic of welfare retrenchment, based on curbing spending and reducing labour costs (Crespy and Vanheuverzwijn 2017), as illustrated for instance by the systematisation of a strategy of wage restraint (Dufresne 2015).

These policies have been particularly socially regressive. Scholars emphasised the dramatic and lasting impact of austerity on economic and social rights in many MS already fragilized as a result

³⁴ The European Semester ‘is essentially a yearly cycle of surveillance supervised by the European Commission, combining a hardening of the deficit rules of the Stability and Growth Pact (with stringent procedures potentially involving financial sanctions) and a continuing soft coordination of economic and social policies. The focus lies on the country-specific recommendations (CSRs) whereby the European Commission advises each Member State on how it should reform its economy and welfare state under the multilateral control—and formal endorsement of—all the other EU Member States gathered in the Council’ (Crespy and Vanheuverzwijn 2017: 1).

³⁵ The SGP, reformed in 2011 with the ‘six pack’ which includes the MIP, provides a set of rules requiring that budgets be balanced or in surplus, and a number of quantitative references such as a budget deficit not amounting to more than 3% of the GDP and public debt to no more than 60% of the GDP.

of the economic crisis: the right to work, the right to social security and social protection, the right to education and the right to health, all were significantly eroded (Ghailani 2016). With the rise of social discontent to austerity politics, the Commission operated a ‘double shift’ in governance and policy away from austeritarianism towards more ‘progressive’ structural reforms, with a loosened enforcement of fiscal discipline and the emergence of discourses focused on upward convergence and social investment (Crespy and Schmidt 2017). Some highlighted the progressive ‘socialising’ of the European Semester marked by the inclusion of more social indicators in the monitoring of the social scoreboard as well as the involvement of social stakeholders in its process (Zeitlin and Vanhercke 2015). For others, however, the increased discursive salience of social investment remains trapped in an unfavourable trade-off: optional country-specific recommendations urging member states to develop social investment are in tension with those in favour of welfare retrenchment which can lead to sanctions (Crespy and Vanheuverwijn 2017). It seems that ‘insofar as social considerations enter the picture, they appear as side constraints, rather than as ends macroeconomic governance should pursue for their own sake’ (De Schutter and Dermine 2017: 119).

Overall, the Euro crisis played a role of catalyser, amplifying already existing trends through a process of ‘fast-forward Europeanisation’ understood as ‘the intensification of ‘hard’ mechanisms of Europeanisation ... even under the form of apparently less binding pressures and, second, the broadening of domestic policy implications of EU decisions’ (Graziano and Ladi 2014: 122). These developments are fundamentally averse to the upscaling of market-correcting instruments. Indeed, the influence of the Scandinavian flexicurity model declined (Mailand 2015) while the new German model of austerity-based competitiveness relying on non-cooperative competition at the expense of social standards imposed itself as the new reference (Crespy and Menz 2015b). The already enshrined institutional asymmetry between negative and positive integration has been accentuated by the political driving forces in favour of further market-making policies, deliberately chosen by national governments, and reinforced by the current rules-based governance of the EU, which is captured by the fiscal compact-social retrenchment straightjacket in the Eurozone in particular. The governance of social policy is thus marked by a hybrid model between adversarial intergovernmentalism and functional ‘integration by stealth’ (Crespy and Menz 2015b: 208).

In this context, Social Europe is characterised by a ‘double bind’: Member States are reluctant to transfer more of their welfare state obligations to the supranational level as this would put at risk the political base of their territorial legitimacy, while they cannot reverse the process of European economic integration, which is particularly constraining in the EMU given the rigidity of EU

macroeconomic rules and fiscal constraints (Hemerijck 2014). Politically this is untenable: '[b]etween rising anti-austerity popular sentiments and the EU's inquisitive expert calls for overnight fiscal consolidation, a 'political vacuum' emerged at the heart of the European integration project, reinforced by widening competitive divergences and social imbalance between the prosperous north and vulnerable south' (Hemerijck 2014: 149). In economic terms, the euro crisis provides valuable lessons: 'the implicit long-term consensus that macroeconomic policy can be determined at the supranational level in a currency union, in accordance with the efficient market hypothesis, while social policy is best left to the policy space of the national state, is both naïve and wrong' (Hemerijck 2014: 153). Whilst the joint adoption of the Social Pillar embodies an admission that more efforts should be put in rebalancing economic and social European constitutions, as yet another non-binding instrument it remains unpromising to resorb the current lexicographic ordering of EU negative and positive integration. As noted by Sabato and Vanhercke (2017: 93), 'in order to make the Pillar effective, an essential further step is needed: turning the rights stated on paper into effective and enforceable rights, guiding action at both EU and Member State level and ensuring that every European citizen has access to them'. In short, resorbing the social deficit demands at the very least that the EU plays a more active role in ensuring effective access to the social minimum for all EU citizens.

4.4. The limits of EU anti-poverty strategies

It is one thing to argue that the EU needs to be more active, it is another to specify the approach taken in poverty relief. It is thus necessary to close this section with a focus on the EU's anti-poverty strategies. I start with a brief overview of the place of poverty and social exclusion on the EU policy agenda, before assessing the outcomes of EU governance in the field.

4.4.1. Poverty and social exclusion on the EU agenda

EU involvement in the fight against poverty and social exclusion started in the 1970's. Economic stagnation resulting from the oil shocks and the rise of unemployment which marked the end of thirty years of sustained economic growth, led the Council to adopt the Social Action Programme (SAP) in 1974 (Anderson 2015: 187-188). Among the SAP's goals were the improvement of living and working conditions, which contained the basis for the first European poverty initiatives, known as 'Poverty 1' (1975-1980), and emphasised the 'European' dimension of poverty. Its success led to the adoption of 'Poverty 2' (1985-1989) with the EU co-financing actions in Member States and then to 'Poverty 3' which embodied a shift as it defined its policy agenda in terms of 'social exclusion', thereby stating that poverty needs not only to be addressed in terms of resource adequacy but also 'by means of measures for social integration and integration into the labour

market’ as confirmed by the 1989 Council Resolution on ‘combating social exclusion’ (par. 6). The Council’s Recommendation on ‘common criteria concerning sufficient resources’ (Council 1992a) then emphasised the importance of adequate income support systems in order to reach this objective, and its Recommendation on the ‘convergence of social protection objectives and policies’ (Council 1992b) highlighted the need to establish a ‘convergence strategy’, laying the foundations for the use of coordination methods in the social field. The Treaty of Amsterdam (1997) then incorporated the ‘combating of social exclusion’ among its objectives (art. 136 TEC) and provided the EU with a competence to undertake action in support of its MS in the combat of poverty and social exclusion (art. 137(1) TEC, now art. 153 TFEU). According to Ferrera *et al.* (2002: 229-230), the subsequent Commission’s White Paper on ‘modernising social protection’ (EC 1999) is of crucial importance as it defined a ‘common political vision of Social Protection in the European Union’ based on a strategy of coordination and four main goals: to make work pay and provide income security, to ensure the sustainability of pensions, to promote social inclusion and to ensure the quality and sustainability of healthcare. During this period, the accumulation of knowledge and expertise provided by the Commission’s poverty programmes as well as its sponsoring of a number of NGO’s dedicated to poverty alleviation leads to the creation of the European Social Platform in Brussels in 1995, which now regroups around 40 NGO’s active in the social field, among which the European Anti-Poverty Network (EAPN) is a major actor.

The Lisbon Strategy signed in 2000, founded on the overly ambitious objective of making the EU the most competitive economy in the world by 2010, made soft law instruments embodied in the OMC the centrepiece of its reform agenda in favour of the ‘modernisation’ of social protection. Its approach equates with the embrace, by European leaders of the social democratic family at the end of the 1990’s, of the ‘Third Way’ ideology of liberalised social democracy: a political project trying to combine centre-right economics with centre-left social policies marking a paradigm shift in welfare and labour market reforms in favour of an ‘active social state’ (Giddens 1994, 1998; Cassiers 2005). The strategy thus marked the stepping stone of what would then remain the EU’s approach, combining employment growth, competitiveness and social cohesion with an emphasis on the financial sustainability of social policy and, in the fight against poverty and social exclusion, a focus on the ‘activation’ of inactive groups (i.e. making the receipt of social benefits conditional on active work search and commitment to employment opportunities or training programmes proposed). This approach, now known as the ‘social investment’ strategy (EC 2013), is based on move away from the redistributive welfare state to the ‘investment state’, and takes social policy as ‘a productive factor’ (Hemerijk 2015: 242) that needs to be tuned in to face ‘new social risks’ (the emancipation of women, changing family structures, and the transition to a knowledge economy)

by investing in human capital, easing the life-courses transitions, and strengthening the link between social protection and the labour market, thereby coping with both rising budgetary constraints and mass unemployment (see e.g. Hemerijk 2006, 2014, 2015; Vandenbroucke, Hemerijk and Palier 2011). This emphasis in European policy discourse on ‘jobs, jobs, jobs’ was well illustrated by the Kok report (2003) and confirmed with the 2008 Commission Recommendation on ‘active inclusion’ (EC 2008) which emphasised further the employment route as the way out of poverty. After showing disappointing results and in the wake of the global economic and financial crisis, the Lisbon Strategy was replaced in 2010 by a new growth strategy, Europe 2020, founded on a stronger and more complex governance structure with simpler goals (a ‘smart’, ‘inclusive’ and ‘sustainable’ growth), but still based on the OMC. However, in contrast with the Lisbon Strategy, Europe 2020 made important changes in terms of governance as the poverty target was fully incorporated in the European Semester. At the level of MS, national reform programmes (NRP) and country specific recommendations (CSR) thus take an integrated view of a number of thematics, such that past results and future priorities in terms of poverty reduction are assessed alongside other budgetary and macroeconomic aspects (Copeland and Daly 2015: 145). Europe 2020 also introduced a ‘joint commitment’ level through one of its ‘flagship initiatives’, the European Platform against Poverty and Social Exclusion, introduced to deliver on the ambitious EU-wide promise to lift 20 million people out of poverty by 2020.

4.4.2. *Assessment of EU anti-poverty strategies*

Despite first developing in a ‘patchy and unsatisfactory’ way (Ferrera *et al.* 2002: 236), the EU’s commitment to the fight against poverty and social exclusion gradually became a central concern on its policy agenda. On the positive side, the EU made significant progress in the Europeanisation of social policy at the discursive, stakeholding and measurement levels (Anderson 2015: 203-204). First, the EU forged a common understanding of poverty and social exclusion and a set of common objectives, even if these often remained vaguely defined. Second, the EU gradually involved an important number of stakeholders in the policy process, from social partners to NGO’s via structures regrouping experts (e.g. the Social Protection Committee (SPC) and the Network of Independent Experts on Social Inclusion). Third, the use of the OMC favoured the collection of a large quantity of data and information on national situations and strategies to fight poverty, leading to the development of common indicators. In this framework, the OMC represents an innovative way to address the difficulties posed by positive integration and made MS accountable to the EU through reports and action plans to address poverty. As such, the OMC procured a ‘nurturing’ approach for policy learning (Ferrera *et al.* 2002: 232) and a highly institutionalised framework for

the EU's pursuit of its strategies (Armstrong 2010: ch. 2), which became even further integrated with the Europe 2020.

Nevertheless, results remain weak and governance instruments insufficient: the 'naming and shaming' approach of soft governance did not work well, and the lack of hard legislation and sanctions did not allow for an effective commitment to the set objectives at national level (Anderson 2015: 204-206). In contrast with macroeconomic objectives, social inclusion goals remain open to interpretation as illustrated by the political compromise underlying the poverty target. Indeed, in its attempt to accommodate member states' diversity, the EU allowed its overall objective of poverty reduction to be disaggregated at national level (see fn 17, p.22) into competing and ineffective definitions of social exclusion, which ultimately led to policy incoherence (Copeland and Daly 2012). As a result, the target soon proved to be both 'ungoverned and ungovernable' given its low political priority, the lack of binding instruments and its ambiguous place in the overall strategy (Copeland and Daly 2014).

Furthermore, the strategy at the center of the EU's approach, mainly based on the strengthening of labour activation policies, is problematic in itself. In its 2008 Recommendation (EC 2008), the Commission understands 'active inclusion' as the combination of three pillars, namely access to quality services, adequate income support and inclusive labour markets, which can be separated into non-labour market inclusion and income adequacy on the one hand and the idea of 'inclusion through employment' on the other hand (Armstrong 2010: 279). Besides the difficulty to understand whether 'inclusion' should be understood in its 'societal' or 'economic' dimension, this duality points to an 'activation dilemma' as it is unclear 'whether the objective of activation policies is to place obligations on individuals to take up paid work (albeit with support and incentives) or whether it refers to a right of individuals to adequate minimum resources and the removal of obstacles to participation (economic and societal)' (Armstrong 2010: 279).

Looking at the holistic 'societal participation' dimension first, it is notable that the Recommendation takes the 1992 Council Recommendation on adequate resources as 'reference points', that its first recital justifies it out of respect for human dignity and the right to social and housing assistance proclaimed by article 34(3) of the Charter, and that it urges MS to ensure that activation policies 'respect the implementation of fundamental rights' (art. 3). As noted by Armstrong (2010: 283), this rights-based approach, extended to quality social services, is consistent with a 'social citizenship paradigm' which received broad support by other key stakeholders. Two resolutions of the European Parliament (2009, 2010) reaffirmed the necessity to have adequate minimum income schemes not only as an instrument to fight poverty and social exclusion but also

to ensure full participation in society independently of a person's capacity to take part in the labour market. This has also been at the heart of the European Anti-Poverty Network's (EAPN) advocacy for a Framework Directive on adequate and accessible minimum income schemes in Europe (Van Lancker 2010, 2015), a proposal supported by the European Committee of Regions (2011), the European Economic and Social Committee (2013) and the European Trade Union Confederation (2015). The EU's official support of 'the right to adequate minimum income benefits' and 'effective access to enabling goods and services' was reiterated with the joint adoption of the Social Pillar (art. 14, EU 2017). However, this rights-based approach was never translated into a legally binding measure.

Thus, despite the Commission's remarkable attempt at striking a balance between the two different social policy approaches mentioned above – a dissonance made possible by non-binding forms of legislation, its governance of anti-poverty strategies favoured a restricted form of 'economic inclusion through activation' over its wider societal participation dimension. Although already present before 2008, this approach was reinforced with austerity politics. Indeed, in response to the crisis, the new EU economic governance made fiscal consolidation its top priority followed by policies promoting 'growth and competitiveness', such that poverty reduction has mostly been addressed via increasing employment levels and strengthening labour market conditionality (Copeland and Daly 2015: 149). Looking at the Commission's Communication on Country Specific Reports (CSR) (2017d), the EAPN also highlights the bias of the Commission's priorities:

what has not changed is the main objective of budget consolidation and restructuring, with little evidence so far of mainstreaming distributional or social impact on poverty and inequality, or concrete proposals on how to promote fairer distribution or redistribution. While social investment is more clearly acknowledged, it is primarily related to leverage of private investment, rather than public investment in quality social protection and social infrastructure. Neither is explicit reference made to the new European Pillar of Social Rights or for the need to guarantee social standards. [...] EAPN will expect increased Commission proposals for Country Specific Recommendations (CSRs) in 2017 to reduce poverty reduction, through integrated, rights-based strategies, which ensure access to adequate income support and social protection, quality services and jobs, and additional tailored strategies for key at-risk groups. (EAPN 2017: 4)

Whilst fighting poverty and social exclusion through labour market inclusion is of crucial importance, it is insufficient to ensure better social inclusion outcomes. First, as we have seen in previous sections with the number of working poor and the rise of multidimensional economic insecurity associated with labour market dynamics, ensuring access to employment does not guarantee that one will not be at risk of poverty. Paradoxically then, when access to quality jobs (for the low-skilled in particular) is scarcer, activation policies are becoming more stringent. Second, many people living in poverty may not have access to work because of illness, disability or because

of caring obligations, such that poverty needs to be addressed beyond the sole activation perspective. Third, the strengthening of conditionality of social benefits to ensure activation also translates into problems of coverage and non-take-up, as will be illustrated in the next section on minimum income schemes. Fourth, besides behavioural constraints (i.e. availability for work, training etc.), the tightening of conditionality is also fostered via the rise of selectivity (i.e. making the means-test more stringent) in order to make social spending more cost-efficient. This is also problematic: ‘While in theory low or moderate levels of social spending could produce low poverty rates if resources were well-targeted, the reality remains that almost no advanced economy achieves a low (relative) poverty rate, or a high level of redistribution, with a low level of social spending’ (Marx, Nolan and Olivera 2014: 19). As paradoxical as it may seem, some research studies have shown that more selective systems have a smaller redistributive impact than universal ones (Korpi and Balme 1998). Finally, some have also criticised the employment-centred social investment strategy not only for its limited results, but for actually being partly responsible for disappointing poverty trends (Cantillon 2011), providing evidence that there is ‘a linkage between stagnating or increasing poverty trends and shifts in expenditures to new welfare state programmes’ (Van Vliet and Wang 2015). For all these reasons, the employment route through activation policies favoured by the EU’s social investment approach offers a limited approach in anti-poverty strategy.

Overall, given current constraints, the EU anti-poverty governance is in effect most consistent with a liberal model of social protection. Poverty is seen as a pathology that needs to be addressed via the development of labour market skills in accordance with the demands of competitiveness in the global economy, it favours minimalist rather than comprehensive forms of public intervention, and a targeted and highly conditional safety net rather than universal coverage. Whilst Esping-Andersen’s (1990: 37) analysis highlighted that the quality of social rights lies, among other things, in the welfare state’s capacity to decommodify labour (i.e. the degree to which individuals can uphold a socially acceptable standard of living independent of market participation), the EU anti-poverty strategy is, according to Scharpf (2002: 658), ‘about facilitating ‘recommodification’ of the labour potential of persons who are threatened by ‘social exclusion’ – which is understood to mean primarily exclusion from the labour market’. A similar argument is made by Crespy (2016: 4) when she notes that the trend towards the marketisation of social services is marked by ‘a re-commodification through the transformation of social relationships between providers and citizens redefined as customers’ (Crespy 2016: 4). The EU governance of anti-poverty strategy is thus centred on economic forms of inclusion where social policy is a productive factor for growth and competitiveness, rather than a broader rights-based approach associated with a social citizenship paradigm. In other words, it prefers a market citizenship connected with the status of worker to a

broader social citizenship approach. This is problematic since living at risk of poverty constitutes a factor of disability for successful development at school, in the workplace or in family life, even in rich countries. Ensuring access to the social minimum and reinforcing welfare states' redistributive capacities are thus not only essential parts of an effective social investment strategy, they should be its priority (Cantillon 2011: 445).

5. Minimum income schemes in focus

Now that a series of trends affecting the risk of poverty and social exclusion have been broadly circumvented and the constraints and limits associated with the organisation of social protection in the EU identified, this section zooms in on minimum income schemes (MIS). A focus on minimum income protection makes sense as 'adequate income protection against severe financial poverty is arguably the first duty of the welfare state' (Marx, Nolan and Olivera 2014: 26). As last-resort social safety nets, MIS play a major role, if not in lifting people out of poverty, at least in reducing its intensity, as well as socioeconomic shock absorbers and counter-cyclical instruments to boost demand and consumption (Frazer and Marlier 2009). While it was long assumed that MIS would become marginal (if not unnecessary) as welfare states were growing, the rise of mass unemployment, along with welfare cutbacks in social security arrangements and changed demographics, significantly increased the importance of MIS as safeguard measures against the lack of financial resources and poverty risks in the last decades (Marx and Nelson 2013: 7). Their essential role was particularly highlighted by their cushioning impact during the first years of the economic crisis (SPC 2014). Moreover, 'minimum income protection also marks the ground floor of other income maintenance provisions; minimum social insurance levels and minimum wages are almost always above the level of the social safety net. In that sense [MIS] also tell us something about the generosity of other income maintenance provisions' (Marx, Nolan and Olivera 2014: 26).

This section is thus dedicated to the assessment of MIS throughout the EU. I start by identifying five main families across the EU before assessing their strength according to three main parameters, namely adequacy, coverage and take-up. Finally, I look at their overall impact on poverty.

5.1. *Five broad families*

Looking at the existing schemes in EU member states, nearly all of them have national schemes except for Spain which has different schemes in all its regions, Italy which has schemes in only certain regions, and Greece which is currently experimenting a pilot scheme (which should reach full implementation during 2018). These schemes are very diverse, as we will see, but they nevertheless share a number of common features such as the fact they are all statutory last-resort

schemes, financed by taxes and based on a subjective right (individuals must apply to schemes), they require (in varying degrees) that people be available for work and actively looking for one, are based on a means-test, and provide different amounts given household's situation (Peña-Casas and Bouget 2013: 135). Thus, MIS can be regrouped under an ideal-type, the guaranteed minimum income (GMI), which can be defined as a household-based, means-tested and work-conditional social assistance scheme providing a last resort safety net for those not eligible for social insurance (Frazer and Marlier 2009: 15).

Looking at their variations, experts have identified five broad groups of minimum income protection arrangements (Frazer and Marlier 2016: 14). In the first one, member states (BE, CH, CY, CZ, DK, EE, ES [Basque country], FI [Basic Social Assistance], IS, IT [Bolzano, Friuli Venezia Giulia, Molise, Sardegna, Valle d'Aosta], LU, NL, SE, SI, SK) have relatively simple and comprehensive schemes open to all those with insufficient means to support themselves. The second one (AT, EL, ES [Asturias, Cantabria, Castile-Leon, Navarre, Rioja], HR, HU, LT, PT) is characterized by simple and non-categorical with rather restricted eligibility and coverage of people in need of financial assistance, due to the low level of the means-test. The third group regroups countries (DE, FI [Additional Financial Plan], IT [Basilicata, New Social Card, Puglia, Sicilia, Trento], LV, PL, UK) with general schemes of last resort with additional categorical benefits which altogether cover most of those in need of support. The fourth group comprises member states (FR, IE, MT, RO) which have developed a complex network of different, often categorical, and sometimes overlapping schemes which cover most of those in need of support. Finally, in the last group, member states (BG) have limited, partial or piecemeal arrangements which are restricted to narrow categories of people and fail to cover all those in need. It must also be noted that some countries provide minimum income protection for those out of work only (DK, HR, IE, MT, PT, SK), while most of them provide income support for those in need whether they are in or out of work (Frazer and Marlier 2016: 20). Of course, to evaluate the role of MIS, these should be placed in the wider context of member states' overall social protection arrangements. Experts stress, for instance, that a GMI works most effectively when it is a residual scheme in an overall comprehensive and effective system of social protection (Frazer and Marlier 2009: 16-17).

5.2. Assessment

However, the role of MIS in protecting against the risk of poverty also greatly depends on the scheme's inherent features. MIS thus vary both across and within the families identified supra

according to a wide variety of characteristics³⁶ but to assess the quality of MIS's impact on poverty, experts generally identify three main parameters: the breadth of coverage, the adequacy of payments, and the rate of take-up (Frazer and Marlier 2009, 2016; Van Lancker 2015, 2017; Crepaldi *et al.* 2017). Except when stated otherwise, the main findings presented here are those evidenced in the last report of the European Social Policy Network (Frazer and Marlier 2016). Table 1 at the end of the section provides a summary of country-by-country evidence.

5.2.1. *Adequacy*

Starting with the level of payments and their adequacy, the generosity of transfers rarely exceeds the 'standard' poverty line (AROP), it falls short of it in most cases and often by far, with many member states having schemes below what is considered as an 'absolute' poverty line, set at 40% of the median income, which is also characterised as an 'extreme poverty threshold' (Frazer and Marlier 2016).³⁷ It must also be noted that countries displaying the best adequacy levels all come from the family with simple and comprehensive schemes – even if that is not sufficient since many of the other members of that family fall in the 'somewhat inadequate' category – while the other four families are divided between 'somewhat inadequate' and 'largely inadequate' categories. In terms of recent evolutions, little change has been observed since 2009, even though experts found positive trends in eight countries (AT, CY, EE, FI, HR, MT, PL, and SI) and a decrease of generosity levels in five others (BE, DK, HU, SE, UK).

Looking further back in time, Van Mechelen and Marchal (2013) show that, between the early 1990's and 2009, the adequacy of social assistance benefits has continuously deteriorated, in particular in Nordic and CEE countries, at least in relative terms compared with the development of average wages and median equivalised household income. 'Declining benefit generosity, they note, is often seen as a partial explanation for why poverty in Europe has not decreased over the past decade and why the Lisbon agenda failed in making any progress on the relative income poverty dimension' (Frazer and Marlier 2016: 28).

³⁶ These include eligibility conditions (rights-based or a discretionary approach), the level of payment, governance arrangements between national, regional, and local (centralised vs decentralised approach), the existence of mechanisms for periodic review and the methods used for uprating levels of MIS, the strictness of conditionality rules such as participation in activation measures, whether payment is time limited or not, the arrangements (if any) for transitions from unemployment benefits to MIS and from MIS to employment, and the link with other kinds of complementary social benefits (e.g. housing benefits). See Frazer and Marlier (2009, 2016); Van Lancker (2015, 2017) and Crepaldi *et al.* (2017) for more detailed cross-country comparisons.

³⁷ I provide a general overview here, but adequacy may also be assessed according to the cost of basic food baskets, reference budgets, or a comparison of GMI and minimum wage levels, and classifications may vary when looking at different types of households. See Frazer and Marlier (2016) for more details.

5.2.2. Coverage

Turning to the extent of the schemes' coverage, a majority of member states have eligibility conditions that guarantee a fairly comprehensive coverage of those at risk, while in some countries coverage remains extremely limited (e.g. Croatian GMI reaches only 12% of the population concerned). Again, countries falling into the first group generally fare better along with three countries (FR, IE, MT) of the fourth group which have a complex network of schemes. On changing dynamics, the last decade saw a positive evolution in the breadth of coverage in seven countries (AT, BE, CY, FI, LU, MT, SI) and a deterioration in six others (DK, FR, HU, PT, RO, UK).

Moreover, studies show that young people, long-term unemployed, working poor, homeless people, migrants and asylum seekers, who are generally the ones hit the most by the crisis, are among those groups most frequently considered not being effectively covered by minimum income support schemes. Among the causes for bad coverage outcomes, findings reveal these are often related to increasingly stringent eligibility conditions³⁸ and the use of sanctions. Experts argue, therefore, that social safety nets should be made less tight because 'eligibility rules limit coverage by design, either by introducing categorical conditions that exclude potential beneficiaries or by setting the income threshold for entitlement too low', such that a significant share of the working age population is ineligible to minimum income protection even when their resources are below the absolute poverty line (Figari *et al.* 2013: 12). Finally, while experts tend to agree, as already mentioned, that coverage and adequacy should be positively correlated with one another (in a continuum from residual to comprehensive social arrangements) to be most efficient, they found that the two dimensions are in fact weakly and negatively correlated: except in some cases offering both good coverage and generous payments there seems to be an implicit trade-off between them in most member states with some opting for a combination of narrowly targeted but relatively generous schemes and some, for the opposite (Figari *et al.* 2013: 12).

5.2.3. Take-up

Take-up rates, understood as the percentage of those entitled to benefits who do not effectively benefit from them, are difficult to assess as comprehensive data in the field is often scarce but the

³⁸ Eligibility conditions are generally associated with the level of poverty one is in (i.e. based on a means-test), age, nationality, residence and activation measures. More specifically, conditionality rules are generally based on the following : registering with public employment service; signing an integration/insertion contract or employment plan; engaging in job search activities; accepting job offers; participating in activation measures whether training, personal development or community service; having used all possible entitlements to other social security benefits; selling or making use of one's own assets (e.g. selling or renting a property); and keeping the benefits administration informed of any changes in personal circumstances (Frazer and Marlier 2016: 17)

evidence available shows that it is a clear matter of concern as non-take-up ranges from 20% to as much as 75% in some cases (Van Lancker 2015). More specifically, experts found reasonable take-up levels in seven countries (BG, DK, EE, IE, MT, NL, SK) and only partial ones in all other member states. Even countries with fairly simple and comprehensive schemes often have important rates of non-take-up. Moreover, non-take-up is in certain cases (e.g. BE, FR) particularly high in the poorest households (i.e. with an income below the 40% median income poverty threshold). Recent evolutions show some positive improvements since 2009 in four member states (AT, BG, FI, MT) and a deterioration of take-up in six others (BE, CY, HU, RO, SI, SK), which is probably explained as an outcome of the economic crisis and changing rules in eligibility and selectivity conditions. Overall, the Eurofound (2015: 15) study points that the vast majority of even the most conservative estimates of non-take up are above 40 %, suggesting that the phenomenon is of considerable magnitude and that it is a problem persistent in time. It also highlights that non-take-up is more likely among groups who experience social isolation, have migrated to another country, are ‘new to need’, are at risk of higher stigmatisation, or experience financial difficulties while owning a home (Eurofound 2015: 17). Non-take-up is thus problematic not only because it means that many of those who need income support do not have access to it but also because it creates further inequalities within vulnerable groups.

Experts highlight that the main causes for non-take-up are the following (Frazer and Marlier 2009, 2016; Van Lancker 2015, 2017; Crepaldi *et al.* 2017):

- *unknown rights* because of a lack of awareness of the rights themselves or a lack of information on the procedure to claim the rights, or because of the complexity of the system;
- *unclaimed rights ‘by constraint’* happen when real or perceived costs (whether financial, material, cognitive, physical or psychological)³⁹ associated with access to MIS exceed its potential benefits;
- *unclaimed rights ‘by choice’* when the beneficiaries are not ready to accept the conditions, whether these are linked to activation measures, rigid means-testing or controls perceived as stigmatising and humiliating;
- *unobtained rights and administrative obstacles* when the right was claimed but not obtained, which is generally linked with bad administration or significant discretionary administrative powers. The use of a means-test, in particular, is often pointed at as a prime reason for persistent and significant rates of non-take-up as well as lack of coverage as it can be badly calibrated, set too low, discouraging given its complexity, or considered as stigmatising (Atkinson 2015: 211).⁴⁰

When recasting the risk factors according to the different levels involved, namely the individual, the administration, the design of the scheme and society as a whole which encompasses social and

³⁹ Financial costs refer to the need to contribute to a complementary healthcare system or when the level of payment is too low for the efforts demanded; material and cognitive costs are associated with the difficulties involved in complex procedures; physical costs mostly relate to accessibility issues (for those living in rural areas, or those faced by older people) and psychological costs are associated with the fear of social stigmatisation and shame (Van Lancker 2015: 24).

⁴⁰ Another problem of means-testing concerns the risk of a poverty trap. I come back to this in chapter 2.

legal norms (Eurofound 2015: 25-26), one realises that improving take-up is a multidimensional issue which may imply much more than the reform of the schemes themselves (e.g. automaticity of rights) and may need to involve all stakeholders to address social norms about the ‘deserving’ and ‘underserving’ poor for example.

5.3. *Impact on poverty*

Concerning the overall impact of MIS on at-risk-of-poverty-rate, experts found that, given the low levels of generosity, it has limited or partial impact in most cases and a positive one in only three countries (IE, NL, UK), while the situation since 2009 has deteriorated in more countries (BE, BG, CZ, DK, ES, HU, LT) than in those in which it has improved (AT, EE, MT, PL, SI). Besides, MIS more frequently have a positive impact on reducing the depth of poverty, since it is assessed as strong in seven member states (AT, BE, CY, IE, LU, PT, UK), partial in most of them but still ineffective in six countries (ES, LT, LV, HU, PL, SK). Again, evolution has been negative in more countries (CZ, DK, ES, FI, HU, LT, PT, RO, UK) than it has been positive (AT, CY, EE, MT, SI). These poor results can be explained by the following reasons: benefits levels are lower than the standard poverty line (AROP threshold) and often below the ‘extreme’ poverty line, they are considerably lower than the net minimum wage, they fail to take into account housing costs, there are high levels of non-take-up, and there is a low proportion of GDP spent on MIS. MIS are thus not sufficient on their own to lift people out of poverty, but they nevertheless represent a crucial means for most of the poor households who benefit from them (Peña-Casas and Ghailani 2013: 33).

Finally, what are the common tendencies observed? Two main trends characterise the evolution of MIS in recent decades, namely the deterioration of their relative generosity and an increase of the conditionality, towards more activation by establishing a stricter link between minimum income provisions and work requirements (Peña-Casas and Ghailani 2013: 30-32). The crisis, in particular, increased pressure on national schemes by raising the number of GMI claimants. A rise of gross GMI levels was observed between 2008 and 2010 in the immediate response to the economic shock but efforts towards expansionary and supportive measures remained short-lived, and were soon followed by more restrictive measures in the austerity tide since 2010 not in a clear cut of benefits but in more technical measures, such as cancelling indexation, tightening the means test, and abolishing or lowering other additional benefits, as well as further activation requirements in a weakened labour market (Marchal, Marx and Van Mechelen 2016). In a study focused on the period between 2010-2016, besides a continuation or reinforcement of the trends above, four other ones were identified (Crepaldi *et al.* 2017: 54-55). A first one, still unclear in its effects, concerns an effort

to simplify complex and fragmented schemes into one general programme. Another is related to the reorganisation of the governance of MIS: in many countries there is a tendency towards decentralisation while others, conversely, emphasise a more centralised regulation. To a lesser extent, the last trend concerns a ‘pay back’ welfare approach (or workfare), such as in the NL, where social assistance recipients must compensate their benefits on a quid pro quo basis by doing voluntary work in exchange, for instance. Against this backdrop, while increasing the level of benefits is a necessity, it is not enough. The reduction of coverage and the reinforcement of means-testing intended to improve the degree of targeting actually contributed to increasing inequality: ‘Errors of one kind – making unjustified payments – may have been reduced, but errors in the opposite direction – failure to reach those in need – were increased’ (Atkinson 2015: 206). This led many, such as Atkinson, to conclude that ‘we shall make progress towards tackling poverty only if we adopt a different approach’ (Atkinson 2015: 206).

Table 1: Assessment of MIS by country

	Assessment			Evolution over time		
Adequacy	Adequate	Somewhat inadequate	Very inadequate	Positive	Status Quo	Negative
<i>How adequate is the level of GMI?</i>	CY NL	AT BE CZ DK ES FI IE IT (BZ/TN) LT LU MT PL SE SI UK	BG DE EE EL FR HR HU IT (BA/FG/MO/NSC /PU/SA/SI/VA) LV PT RO SK	AT CY EE FI HR MT PL SI	BG CZ DE ES FR IE IT LI LT LU LV NL PT RO SK	BE DK HU SE UK
Coverage	Fairly comprehensive	Partial	Very limited	Positive	Status Quo	Negative
<i>How extensive is the coverage of people in need?</i>	BE CY CZ DE EE DK FI FR IE LU MT NL SE SI SK	AT ES (Basque country) HU IT(BZ/TN) LT PL UK	BG EL ES HR IT(BA/FG/MO/NS C/PU/SA/SI/VA) LV PT RO	AT BE CY FI LU MT SI	BG CZ DE EE ES HR IE IT LT LV NL PL SE SK	DK FR HU PT RO UK
Take-up	Fairly complete	Partial	Quite limited	Positive	Status Quo	Negative
<i>How complete is the take-up by those entitled to MIS?</i>	BG DK EE IE MT NL (social assistance) SK	AT BE CY CZ DE ES (Basque Country) FI FR HU IT (NSC) LT LU LV NL (add. social benefits) PL RO SE SI UK	ES HR	AT BG FI MT	CZ DE DK EE ES FR HR IE IT(NSC) LT LU LV NL UK	BE CY HU RO SI SK
Impact on poverty reduction (1)	Strong impact	Partial impact	Very limited impact	Positive	Status Quo	Negative
<i>What is the impact of the GMI provision in reducing the at-risk-of-poverty rate?</i>	IE NL UK	BE CZ DK ES (Basque Country) FI HR HU IT(TN) LT LU MT SE SI	AT BG CY DE EE EL ES FR LV PL PT RO SK	AT EE MT PL SI	CY DE FI FR HR IE IT LU LV NL PT SK	BE BG CZ DK ES HU LT RO SE UK
Impact on poverty reduction (2)	Strong impact	Partial impact	Very limited impact	Positive	Status Quo	Negative
<i>What is the impact of the GMI provision in reducing the at-risk-of-poverty depth?</i>	AT BE CY IE LU PT UK	BG CZ DE DK EE EL ES (Basque Country) FI FR HR MT NL RO SE SI	ES LT LV HU PL SK	AT CY EE MT SI	BE BG DE FR HR IE IT LU LV NL PL SK	CZ DK ES FI HU LT PT RO UK

Source: based on Frazer and Marlier (2016: 35-36)

6. Addressing the problem

The various sections of this chapter now need to be brought together into a global view of the problem at hand. In this final section, my aim is thus to establish a diagnosis of the problem of poverty in the EU, and to examine recent proposals to address it, including the idea of a pan-European basic income.

6.1. *Diagnosis*

Section two showed that MS vary significantly in their poverty levels but that it remains worrying in all its dimensions throughout the EU. It also showed that social spending is a key factor in the reduction of poverty and inequalities. The poverty target is not only far from achieved, its ambition remains very modest in comparison to the scope of the challenge at hand. Section three showed that current economic and social restructurations associated with labour market flexibility, technological change and inequalities point towards new forms of economic insecurity with a risk of expansion of poverty, whether one is attached to the labour market or not. It highlighted that these dynamics are partly due to certain political choices favouring neoliberal policies such as labour flexibility and welfare retrenchment. Section four highlighted that the various tensions in EU integration can be summed up along two main conflictual lines affecting social protection: the balance between national and supranational competences for social-policy making and the opposition between two political projects, namely a regulated social market economy and a neoliberal conception of capitalism with a residual model of social protection. It emphasised the challenges posed by the diversity of national systems of social protection, the neoliberal bias of EU integration, and the insufficiency of labour market inclusion as an answer to poverty. As such, it seems that the current approach of social protection at EU level participates in, rather than addresses, the dynamics identified in relation to the precariat whilst the lack of instruments of solidarity at E(M)U level may further reinforce social imbalances between MS. In other words, it does not provide the environment nor the tools to offer a coherent and efficient response to economic insecurity beyond the sole employment route. Finally, section five showed that, despite playing a crucial role in anti-poverty strategies and important variations between EU countries, minimum income schemes still fall short of providing sufficiently broad, adequate and accessible last-resort safety nets. The tightening of activation policies is one of the major sources of these difficulties identified, thereby confirming the problematic bias of EU anti-poverty approach.

Overall, rather than expanding social protection and guaranteeing its MS the effective capacity to address poverty, the EU pushes in the opposite direction. Against this backdrop, the problem of

poverty in the EU can be defined as follows: *the organisation of social protection within the EU is insufficient to protect all Europeans effectively against the risk of poverty and social exclusion.*

This state of affairs is not a fatality. The structural asymmetry of EU integration suggests that the EU is inclined but not *bound* to be neoliberal. As highlighted by *new institutionalist* approaches of EU integration, ‘institutions matter’ whether these are conceived as organisations, as formal structures (e.g. constitutions, laws and regulations) or as informal structures such as norms, conventions and ideologies.⁴¹ The power of ideas and interests also has a structuring role in power relations and a mediating role in the political process (Palier and Surel 2005). In the EU, ‘the prevailing of pro-market policies is also due to the fundamental political and ideological weakness of the coalitions of actors promoting a more regulated capitalism as a means to foster social cohesion’ (Crespy 2016: 6) in face of the ‘broad ideational context where competitive markets are seen as most effective means for the allocation of resources’ which itself stems from the ‘global neoliberal restructuring of capitalist economies’ (Crespy 2016: 64). History has shown that EU integration is not a linear and deterministic process – as illustrated by Britain’s exit for instance – such that unexpected events, new political coalitions and alternative ideas may have the power to influence the future of the European project. With this in mind, how should we go about addressing the problem?

6.2. *Proposals*

The status quo is not an option, as it means that economic integration, regulatory competition and monetary constraints will continue to exert their pressure, possibly leading to further rationalisation of national welfare systems and more resentment towards the European project. Not only will it be untenable for economic and political reasons, it is also a dystopian future best avoided if one is concerned, as I am, with social justice and hence, with guaranteeing a social minimum. Framed in more positive terms, then, the target state should be one in which the multi-tiered European polity’s capacity to offer effective social protection in face of multidimensional poverty is improved and the tensions of EU integration reduced.

I consider three ideas suggested by EU scholars to address the current negative state of affairs in a systemic way, that is, by developing a more active and distributive role for the EU in social protection: a European unemployment insurance, a European guaranteed minimum income and a European universal basic income.

⁴¹ On the various institutionalist variants (rational choice, sociological, discursive, and historical), see e.g. Aspinwall and Schneider (2001).

6.2.1. *European unemployment benefit scheme*

The first proposal, which has become particularly popular among politicians and academics, is the European unemployment benefit scheme (EUBS).⁴² The basic idea of the EUBS is to organise E(M)U-wide support to national unemployment insurance schemes, that is, to establish a public inter-state insurance mechanism. By providing a macroeconomic stabilisation and counter-cyclical mechanism to respond to economic asymmetric shocks, it aims at supporting national shock absorption capacities in times of crisis and respond to the challenges of social imbalances between EU countries. This idea is particularly relevant because expenditure on unemployment benefits is typically anti-cyclical as unemployment rates tend to rise in economic downturn, and it would provide a quick and automatic way to support income when recession kicks in. It is also generally associated with the establishment of compulsory minimum requirements regarding policy inputs and procedural standards to improve national schemes and convergence across social protection systems in order to avoid risks of contagion (Vandenbroucke 2017a, 2017b). The EUBS would mark a major change in EU governance passing from its sole focus on increasing symmetry through ‘sound’ public and flexibility/mobility of productive factors (mostly labour) to financial solidarity between MS. As such, it would participate significantly to the resorption of the social deficit of EU integration and provide a more ‘caring face’ to the Union.

However, its scope would remain limited to address the problem of poverty for the following reasons. Although conceivable at EU level, it is first and foremost seen as a functional requirement of monetary integration in the EMU to ensure its economic viability. Its social effects would mostly depend on the conditions that would trigger activation of the mechanism, but it is not aimed at addressing poverty per se: it would only kick in when unemployment rates reach a threshold considered unacceptable for both national and EU stability. Moreover, the design of minimum standards is apprehended only from the perspective of the current activation straightjacket which, as was highlighted, is problematic. Finally, it would have no impact on those at risk of poverty while in employment or those excluded from the labour market.

6.2.2. *European guaranteed minimum income*

The second idea is the EU-wide guaranteed minimum income (EGMI). Nearly two decades ago, a very ambitious proposal of the kind was made by Schmitter and Bauer (2001). They suggested an EU-wide *Eurostipendium* targeted at EU citizens considered in ‘extreme poverty’, that is, whose

⁴² See European Commission (2017c), Andor (2013, 2014a and 2017), Andor *et al.* (2014), Beblavý, Gros and Maselli (2015), Beblavý, Marconi and Maselli (2015), Claeys, Darvas and Wolff (2014), Dullien (2013, 2017), Lellouche and Sode (2014), Vandenbroucke (2017a,b,c,d and forthcoming), Vetter (2014). See also Moro (2016) for a survey of the literature.

income is less than a third of the average income throughout the EU. The amount would be uniform throughout the EU for symbolic reasons rather than based on national definitions of poverty and paid out of a dedicated European fund. As noted, in response, by Van Parijs and Vanderborght (2001), it would face major difficulties concerning the needs of harmonisation and serious risks of country gaming.

More recently, faced with the scope and the depth of poverty as well as with problems of adequacy, coverage and take-up of MIS, experts highlighted the need to improve their performance by establishing a common and integrated framework at the European level and an active role in its governance by the EU (Peña-Casas and Gailani 2013; Peña-Casas and Bouget 2014; Van Lancker 2010, 2015). Rather than being directly involved in the management of the GMI, in this case the EU's role would be to ensure the gradual harmonisation of a series of criteria (a common methodology for defining adequacy, the establishment of automatic uprating mechanisms, as well as common approaches towards coverage, monitoring and evaluation, etc.) and the implementation of concrete measures to improve adequacy, coverage and take-up. It would also involve setting up a European Minimum Income Fund (EMIF) in order to support MS in reaching adequacy levels, cushion asymmetric shocks between countries 'but first and foremost [play] a social justice role vis-à-vis the people of Europe' (Peña-Casas and Bouget 2014: 153).

This idea would thus switch the current focus on labour inclusion to a wider societal participation approach by rendering the right to a minimum level of resources more accessible. It would also improve the coherence and the effectiveness of EU action in combating poverty and develop its social citizenship dimension. In combination with the EUBS, the EU social dimension would make major progress on two functional dimensions of social policies: stabilisation and redistribution. If this is accompanied by hard legislation (e.g. a directive setting minimum requirements for adequate MIS), the new EU social constitution would drastically improve the situation with respect to the status quo. However, the EGMI is also not without problems given the complexity associated with the harmonisation of national systems, from the diversity of poverty rates across MS which would demand important redistribution to the nexus of rights and obligations associated with national schemes, notwithstanding the fact that some MS do not even currently have one (Vandenbroucke *et al.* 2013). In face of the limits or difficulties of the two first proposals, a relatively less explored idea may bring a new perspective on the problem at hand.

6.2.3. *European universal basic income*

Some advocated a European universal basic income (EUBI) as an 'apparently more radical [but] actually more realistic' idea to combat poverty on an EU-wide basis (Van Parijs and Vanderborght

2017: 235). The EUBI would be distributed by the EU to all Europeans without strings attached and supplement national welfare states rather than replace them. Considering the puzzles underlying the problem of poverty in the EU, the EUBI presents, at least *prima facie*, interesting features to address the rise of economic insecurity and the shortcomings of social protection schemes, and an attractive instrument to address the conundrum of social protection.

Thanks to its universal coverage and its unconditionality, the universal basic income is generally defended as a policy capable of addressing the twin problems of poverty and unemployment as well as the shortcomings of existing social protection schemes by coping better with the insecurity on flexible labour markets and avoiding the administrative downsides of means-testing or the stigma attached to activation policies (see Widerquist *et al.* 2013 for a review). It is also advocated to address gender inequality, both in the private sphere and on the labour market, as a mechanism of redistribution of the benefits of technological progress, and as a way to improve individuals' autonomy overall and, thereby, their access to fundamental rights and their social participation. As such, the appeal of the basic income stems from its transformational capacity, that is, its apparent ability to score relatively well on a large variety of desiderata associated with what a social minimum is meant for: providing a decent standard of living considered necessary to actively take part in a given society.

As a *European* policy, the EUBI's attractiveness derives, according to its advocates, from its capacity to address the tensions involved in European integration. Nearly two decades ago some already argued that '[t]he latent tensions between competition and cohesion which threaten to undermine the wider European project will inevitably require redistribution, between core and peripheral nations, between regions and individuals' and that the EUBI would be 'one possible vehicle for the harmonisation of social security and the creation of an effective mechanism for redistribution on a pan-European basis' (Quilley 2000: 176). As such, some defended it as a right attached to European citizenship (Ferry 2000) and others as a way to provide EU citizens with 'a just minimum' necessary to reduce the deficit of social justice caused by European integration (Viehoff 2016). Yet others defended it as an instrument of interpersonal redistribution necessary to support national systems of social protection on a systemic level and act as a macroeconomic stabiliser in the EMU whilst providing a vector of political support for the European project (Van Parijs and Vanderborcht 2017: 230-241). The EUBI's unconditionality is seen as facilitating an active EU role in social protection: it bypasses the difficulties of harmonisation whilst respecting both the principle of subsidiarity and Member States' welfare diversity (Van Parijs 2006a: 7). In practice, the EUBI may be distributed on a per capita basis or be categorical. For instance, some have advocated a

European child basic income guarantee (Atkinson 2011) or explored the prospects of a universal basic pension (Atkinson *et al.* 2002; Goedemé and Van Lancker 2009; Vandeninden 2012).

7. Conclusion

This first chapter has sought to establish the diagnosis of the problem, understood as the continuing inability of the EU to provide effective protection against the risk of poverty. This ascertainment has led key commentators to argue that the idea of a European universal basic income should be taken seriously. I agree. While the established diagnosis may lead to various proposals, this thesis thus proposes to explore the ‘problem resolution’ by analysing the prospects of the EUBI which seems able, at least *prima facie*, to address a wide range of social issues that take place within a European context characterised by complex and multi-level interdependencies. Is the EUBI a promising route to guarantee a social minimum to all Europeans? To examine its potential, the first step consists in clarifying what the universal basic income is and is not, and what its main advantages are over its close competitors, before confronting it to a series of objections and exploring it further as a distinctive *European* policy.

CHAPTER TWO: THE UNIVERSAL BASIC INCOME

1. Introduction

This chapter constitutes the second step of the problem-oriented approach adopted in this dissertation by focusing on one particular public policy which may offer a solution to the problem. The universal basic income (UBI) – in short, basic income – is a periodic cash payment paid by a political community to all its members on an individual basis, without conditions of resources or work requirement. It is a persistent idea in discussions regarding social welfare reforms in Europe and elsewhere, which re-emerged recently in the context of austerity politics. In face of the dominant policy line of social welfare retrenchment, cutbacks of public expenditure and tightening of eligibility conditions for welfare recipients, the UBI is typically presented as a radically alternative route capable to provide a robust social floor to combat poverty and guarantee social inclusion in an emancipatory way by reinvigorating the principle of universalism at the heart of social citizenship.

In light of this, my aim in this chapter is to provide a clear understanding of the UBI – what is it and what is it not? – and clarify why it is a desirable policy in face of the problem of poverty and economic insecurity highlighted in chapter one. I adopt a critical stance towards what is commonly accepted in the basic income epistemic community by organising, synthesizing and evaluating policy-relevant knowledge, such as policy assumptions and definitions, policy alternatives, and policy arguments. For the purpose of this discussion and given the available literature on the subject, I consider the UBI as a national social policy for now (unless specified otherwise).

This chapter proceeds as follows. In section two, I provide the ‘basics’ of the discussion. I contextualise the basic income within the historical genealogy of the broader ‘stakeholding paradigm’ and the reasons for its recent topicality, I establish my perspective on the proposal as a worthwhile policy entitlement in reaction to the current state of affairs rather than a distinctive constitutional right, I clarify some semantic aspects to avoid the trap of fuzziness which, too often, blurs the discussion, and end by justifying my focus on a basic income in cash rather than in kind. In section three, I propose a taxonomy of the UBI and other social minimum alternatives. I provide a clear definition of the UBI and its constitutive characteristics in contrast with the guaranteed minimum income (GMI) before presenting the main features of other ‘basic income-like’ proposals, namely the participation income (PI), the negative income tax (NIT) and the universal basic capital (UBC). In section four, I compare these different schemes. I do not defend the UBI from a particular conception of social justice. Assuming a UBI set at subsistence level, I argue

instead that it provides a better way than its competitors to achieve some important goals of social protection, namely economic security and social inclusion, whilst being more emancipatory. According to this conditionally prescriptive approach, the UBI emerges as a strong candidate to address the problem of poverty which then needs to be further ‘tested’ before envisaging it as a European-wide policy, as explained in the conclusion.

2. The ‘basics’ of the basic income

The basic income is part of the emergence of *the stakeholding paradigm*, a relatively new social paradigm in welfare theory based on the notion of Universalism, which tries to articulate market efficiency with state interventionism by granting ‘stakes’ to individuals to enable them to participate in the economy on an equitable and secure basis (Dowding *et al.* 2003a: 3). In this section, I aim to clarify the place of the basic income within this broader stakeholding paradigm and provide the fundamentals necessary to pursue the discussion. I start with an outline of the historical genealogy of the idea as it is typically presented in the literature and highlight the reasons for its recent topicality, before taking a critical look at this historical construction and establishing my views of the UBI as a policy potentially desirable in face of the given context. Then, I distinguish between the UBI and other related proposals generally associated with the basic income ‘label’ to avoid semantic confusion. I close this section with a justification on my focus on a basic income in cash rather than in kind.

2.1. Historical background

In contemporary contributions on the subject, the basic income is generally proposed as the next step in the evolution of models of social solidarity, after the move from Christian charity to public assistance and from social assistance to social insurance (Raventós 2007; Van Parijs and Vanderborght 2005, 2017; Standing 2017). This is well captured by Van Parijs (1996b) when he suggests that the basic income constitutes a new model founded on fairness which represents a stronger form of solidarity than that of the Bismarckian model of insurance and the Beveridgean model of assistance. He calls it the *Painean model* in reference to Thomas Paine’s (1796) proposal for a universal basic endowment (see *infra*). Following this logic of evolution, the genealogy of basic income is generally separated in two main parts: its ‘historical antecedents’ (Raventós 2007; Van Parijs and Vanderborght 2005) or its ‘prehistory’ on the one hand, and its ‘history’ on the other hand (Van Parijs and Vanderborght 2017).

According to basic income advocates, the idea’s historical antecedents are to be found in Vives’ conception of public assistance, in the introduction of the Poor Laws under the Elizabethan era in

England, in the development of social insurance from Condorcet to Bismarck, and in the evolution of social assistance from Beveridge to our days (Van Parijs and Vanderborght 2005: 7-12, 2017: ch. 3). As for the history of the proposal, its origin is often traced back to Thomas More's *Utopia* (1516) despite a very tenuous link between his writings and the idea,⁴³ but it is generally agreed that Thomas Paine's basic endowment proposal in *Agrarian Justice* (1796) is the first radical and unambiguous ancestor of the idea. Paine (1796: 10) proposes 'to create a National Fund, out of which there shall be paid to every person, when arrived at the age of twenty one years, the sum of fifteen pounds sterling, as a compensation in part, for the loss of his or her natural inheritance, by the introduction of the system of landed property, and also, the sum of ten pounds per annum, during life, to every person now living, of the age of fifty years, and to all others as they shall arrive at that age.' He also suggests what can be understood as a basic pension (i.e. a categorical basic income for pensioners): 'the sum of ten pounds per annum, during life, to every person now living, of the age of fifty years, and to all others as they shall arrive at that age' (Paine 1796: 10). Paine justifies his proposal on the grounds that the earth and all that comes out of it is the common property of the human race. Those who, through private property, acquire the benefits of it owe a dividend to the rest of the community. Paine's 'ground-rent' as he calls it, contains all essential features of the UBI except for the fact that it is paid only once at maturity rather than at regular intervals.

Following Paine, others have proposed universal basic capital grants such as Thomas Skidmore (1829) or Paul Voituron (1848), but it is Thomas Spence (1797) who is the first to consider a regular payment provided at municipal level. Inspired by Charles Fourier's (1803, 1836) defence of an obligation-free but means-tested 'minimum of abundant subsistence' to be provided in kind, Joseph Charlier (1848), is then first to propose an unconditional 'territorial dividend' distributed in cash at a national scale. Despite coming from various schools of thought and proposing different schemes, all of them have the same point of departure: the surplus rents created by the individual property of natural lands and resources should be equally distributed to all to cover everyone's absolute needs. And they are all precursors of a new paradigm of Universalism termed the 'stakeholding paradigm' in the literature (Dowding *et al.* 2003b).

⁴³ One of More's fictional characters argues that 'Instead of inflicting these horrible punishments, it would be far more to the point to provide everyone with some means of livelihood, so that nobody is under the fruitful necessity of becoming, first a thief, and then a corpse.' (More 1516: 44). But nothing here points to something resembling a UBI. It might just as well be possible to assume that More is referring to some kind of conditional minimum income scheme.

2.1.1. *Three contemporary waves*

After these early proposals in the 18th and 19th Centuries which can be seen as tentative ways to respond to the conflicts associated with the emergence of industrial capitalism, a succession of waves has marked the evolution of the idea in public debates in the contemporary history, since the beginning of the 20th Century. The first wave is to be found in the period between the two world wars. It is marked by ‘a coincidence of ripples’ (Widerquist 2016: 1) with support for the idea coming sparsely in Great-Britain in the writings of the philosopher and Nobel of literature Bertrand Russell (1920), of the engineer Dennis Milner and his wife Mabel Milner (1918) who founded the ‘State Bonus League’, and of another engineer, Clifford H. Douglas (1924), who advocated a ‘social credit’ in the form of a monthly ‘national dividend’ for each household. The economist George D.H. Cole (1929) later proposed a ‘social dividend’ and seems to be the first to use the term ‘basic income’ in English, since it was already coined in Dutch (*basisinkomen*) a year before by the first Nobel of economics Jan Tinbergen (Van Parijs and Vanderborght 2005: 17). The famous economist James Meade (1935) also defended the ‘social dividend’ to mitigate the problems of unemployment and poverty while Lady Juliet Rhys-Williams (1943) suggested a similar proposal to build ‘a new social contract’.

The second wave started in the 1960’s in the United States and Canada as a consequence of rising concerns over structural and technical unemployment (Standing 2017: 15) and focused on the negative income tax variant of the idea (see *infra*). It was led by welfare rights’ activists, futurists and leading economists, both from the left and libertarians (Widerquist 2016: 2). For example, Martin Luther King (1967) endorsed the idea, which he referred to as a ‘guaranteed income’, the right-libertarian Milton Friedman (1962 and 1968) proposed a household-based negative income tax set at a low level and replacing all other welfare policies while the liberal James Tobin (1966) defended his variant of a ‘credit income tax’ to reconfigure part of existing schemes. During that same period, President Nixon proposed his Family Assistance Plan, a variant of the negative income tax which did not pass the Senate vote in 1972 (Widerquist 2016: 2). Senator George McGovern, a candidate for the Democratic presidential nomination supported by Tobin and yet another famous economist, John Kenneth Galbraith, unsuccessfully founded his campaign on his ‘demogrant’, a yearly UBI for all Americans (Van Parijs and Vanderborght 2017: 91). The 1960’s and 1970’s also saw the first large-scale social experiments in the USA and in Canada (Levine *et al.* 2005; Widerquist 2005; Forget 2011, 2013) as well as the creation of the Alaska Dividend, which is the only basic income programme currently in practice at state level in industrialised countries (Widerquist and Howard 2012). With declining political prospects for the ‘basic income guarantee’, the second wave ended in the 1980’s.

While the idea started to fade away in North America, it began to rise gradually in Europe and elsewhere, with a focus on a genuine UBI, this time. Although a few isolated contributions appeared already in the 1970's (Van Parijs and Vanderborght 2017: 95-98), the third wave can be said to start in 1986 with the creation of the Basic Income European Network (BIEN) (which later became the Basic Income Earth Network thanks to the expansion of the debate in the rest of the world), a transnational network led by academics advocating a basic income (Standing 2017: 16). Mostly confined in the academic realm, the debate grew substantially for thirty years with contributions in philosophy, politics, sociology and economics (see Widerquist et al 2013 for an overview).

2.1.2. *A fourth wave?*

It is only after the 2008 financial crisis that the basic income discussion firmly took off, marking the beginning of a fourth wave, much bigger in scope than the previous ones. Some have argued that this period only marks the take-off of the third wave (Widerquist 2016). It is true that the problems which spurred this trend and gained in intensity were generally the same as in the 1980's and one can argue that already existing problems of mass economic insecurity, rising inequality and labour displacement through the rise of robotics and automation simply became more visible and more urgent to tackle. Yet, I contend that four mutually reinforcing elements justify the existence of a separate wave. First, there is a 'before' and an 'after' 2008, since the economic and financial crisis shed light on the limits of the global financial system, on the problems of private and public debt accumulation, as well as on the need for welfare reforms in a context of rising poverty and market vulnerability. The crisis is followed by the beginning of a new political turn marked by an era of austerity which reinforced this rupture. It is against this background that the UBI emerged as an alternative to welfare retrenchment. This is the view taken by Jurgen De Wispelaere, a known advocate of UBI, when he explains the reasons behind the recent 'elevation' of the idea:

[T]he interest in basic income could be seen as an attempt to square the austerity circle: the need for a policy that combines robust minimum income protection with the modernisation of welfare programme complexity, while retaining a strong focus on labour market activation and human capital-building as per the 'social investment' agenda. Instead of focusing on the decommodifying effect of basic income – separating income from work – policy makers are emphasising its ability to combat poverty, unemployment and bureaucracy traps. In this perspective, basic income is not viewed as a utopian alternative to the welfare state, but to the contrary, a key instrument in its long-term survival by allowing the minimum income floor to be mainstreamed and modernized. (De Wispelaere 2017: 25-26)

Second, the recent re-emergence of the idea has managed to attract and gather support across the political spectrum. By regrouping an ideological melting pot – better coined in French as '*auberge espagnole idéologique*' (Moatti 2015: 6) – regrouping libertarians, conservatives, liberals, Keynesians, ecologists, anti-capitalists, etc. under a façade of unity using the same basic income 'label' (see

section 2.3.), the diversity of policy proposals (projects actually widely diverge when one takes a closer look at the objectives of welfare reform that underlie them, their ethical foundations, or the modalities of policy implementation) paradoxically acted as a driver of the last wave's success (Widequist 2016). In other words, the fuzziness of the basic income discussion has contributed to its development and democratisation, if not in depth, at least in breadth. This is why many argue, paraphrasing Victor Hugo's famous words, that the basic income is 'an idea whose time has come' (Reed and Lansley 2016). It must be noted, however, that this is also a source of weakness. Conceived as an abstract proposal – what Walter Van Trier (1995) refers to as the 'minimal model' – that is, one supposedly freed from ideological justifications, the basic income might be able to attract a range of political support far broader than many other social policy proposals. But the very fact that other political groups might support the idea is equally a source of opposition, as one political camp might associate the idea with a 'trojan horse' coming from its opponents (this is a typical view on the Left, as shown in the next section). Moreover, the moment an actual implementation becomes possible such that basic income supporters have to choose between alternative proposals, the pro-UBI consensus will disappear to leave place to divergences as wide as the political spectrum that supports it (Reed and Lansley 2016: 21).

A third reason is found in the development of the new means of communication. In particular, the emergence of social networks made it possible for the idea to travel fast easily and gain visibility. The democratisation of knowledge, accompanied by the opportunities rendered possible by technological innovations, provided a favourable environment for activism. The most notable illustrations of this new momentum include citizens initiatives in Switzerland and at EU level, the creation of multiple local, national and supranational activist networks, a massive rise of publications on the subject and the launch of new experiments across the world. The recent politicisation of the UBI reached a climax with the French socialist (and unfortunate) candidate's proposal for a UBI policy reform in the 2017 presidential elections (Hamon 2017).

Finally, the last element explaining this unprecedented political, media and public interest is found in the most recent launch of a series of basic income-related experimental projects, which gave to 2017 the title of 'year of the pilots'.⁴⁴ It is also notable that, while North-American experiments of the 1970's mainly tried to test whether the UBI would negatively impact the labour supply, it is precisely the contrary that is at the center of current experiments spearheaded by Finland and The

⁴⁴ On the Finnish pilot, see Kangas (2016), Kangas, Simanainen and Honkanen (2017) and Kela (2017). On the Dutch experiment, see Groot and Verlaet (2017) and Mc Farland (2017b). See also B-MINCOME (2017) and McFarland (2017a) on pilots in Spain, Kaplan (2016) for Italy, Segal (2016) and Basic Income Ontario (2017) for Canada, Altman (2016) for the US and Roberts (2017) for Scotland. Pilots are also under examination in France (Percheron 2016).

Netherlands, mainly aim to study whether and how a basic income (or closely related policies) may actually favour a return to employment.⁴⁵

2.2. The UBI as a policy instrument

2.2.1. Escaping the teleological view

Whilst I consider it both legitimate and fruitful to locate the basic income in the long-term history of responses to the social question, the framing of the historical backdrop into a double genealogy ‘prehistory / history’ is weakened by a teleological vision of its advent (Denuit and Sabaté 2018). This is not to say that the UBI is an instrument at the service of a final cause defined by a perfectionist conception of the good life. Rather, ‘teleological’ is meant here in the sense that the the historical narrative employed transforms what is a contemporary political project into the inescapable and ineluctable advent of the essence of a generic basic income. Indeed, the historical approach often taken – ‘the historical sketch of the context in which the idea has emerged and *into which it will have to fit* if it is ever to be realised’ (Van Parijs and Vanderborght 2017: 69, my emphasis) – seems to portray the UBI as the logical, necessary, and ultimate state of a long historical evolution of social minimum policies. Such a view supposes, implicitly, that the UBI has always been the *finality* of systems of social protection, that it has always had a definite essence which has grown independently of the construction of the welfare state.

The integration of a great variety of projects – such as Paine’s view of a common ownership of natural resources, Fourier’s utopian socialist proposal or Friedman’s free market perspective, into a single historical construction tending towards the dawn of the basic income is vulnerable to certain critics. It is sometimes argued that basic income advocates have constructed their own mythology *ex post* and uprooted from the pregnancy of social struggles (Alaluf 2014; Alaluf and Zamora 2017). In *Against the basic income*⁴⁶, Daniel Zamora writes:

In reality, as any political idea, the basic income has endowed itself with its own mythology, constructed, of course, *a posteriori*, and claims today an idealized history dating back to the sixteenth century. The reconstruction of a filiation more than dubious from an intellectual point of view – not to say totally fictitious – is, indeed, a way to build in legitimacy ideas that are more recent that one would like to make it seem... Far from constructed stories, the idea of basic income could only emerge through the questioning of post-war institutions of social security and the social project they carried (Zamora 2017: 13-14, my translation).

⁴⁵ On North-American experiments in the 1970’s, see Robins (1985), Burtless (1986), Ashenfelter and Plant (1990), Hum and Simpson (1991), Levine et al (2005), Widerquist (2005), Forget (2011, 2013), and Simpson, Mason and Godwin (2017). See also Marinescu (2017) for a review of different kinds of basic income-like experiments.

⁴⁶ My translation of the French title *Contre l'allocation universelle*.

The long-term historical approach deployed by basic income supporters is thus, according to Zamora, a way to provide an illusion of permanency that hinders any genuine ‘historicisation’ in the recent past. For him, it is intrinsically linked to the gradual emergence of neoliberalism as shown by its intimate relationship with the concept of negative income tax, supported by Milton Friedman to bring the social institutions of redistribution to the *minimum, minimorum*, and its rising success since the 1980’s. Rather than being the ultimate version of a long development of social institutions, it is the logical alternative to their suppression in times of crisis, a way to build trans-partisan bridges, abandoning the left-wing - right-wing divide articulated along the choice between ‘more state’ or ‘more market’, in the name of a meritocratic logic based on a philosophy of equal opportunities which substitutes the social struggle against inequality for the eradication of absolute poverty (Zamora 2017: 28-33). As such, the basic income is an idea which periodically emerged in times of economic and social regression and support for austerity since 1945, as its recent return in public debates is supposed to demonstrate.

While Zamora’s critical approach might be right in the parallel made between the cycle of crises and the contemporary waves of interest in basic income, considering it solely as a neoliberal instrument designed to call the post-war social model into question is both reductive and truncated. But to resist the argument, the UBI must not be portrayed as the generic version of a welfare state 2.0 which essence has always been there, waiting to germinate. Such a view is, as was shown, vulnerable to the idea that it masks, in fact, its ‘true’ neoliberal ambitions. Instead, by detaching the historical problematisation from its *telos* and by insisting on the basic income’s relevance to the contemporary crisis of the welfare state, the UBI can emerge as an instrument of *response* to neoliberal dynamics of welfare retrenchment and rising conditionalisation of social assistance (Denuit and Sabaté 2018). Such a response can then be apprehended with all the various normative and practical dimensions that underpin different views of the basic income, which often drastically differ and have considerably different consequences whether one approaches it ‘from the left’ or ‘from the right’ (Gorz 1987). As noted by Fitzpatrick, ‘the character, significance and effects of a basic income would depend substantially upon the nature of the ideological social environment within which it was implemented’ (Fitzpatrick 1999: 5). This is also emphasised by De Wispelaere and Stirton (2004: 267) who note: ‘It is a mistake to assume that a universal basic income would operate in something resembling an institutional vacuum. To the extent that fine-tuned distinctions also produce distinctive outcomes, both normative and empirically driven research ought to take differential design features seriously’.

2.2.2. *An entitlement as a matter of policy*

In light of this, my understanding of the UBI's political relevance in contemporary debates on social welfare is primarily a *reactive* one, desirable for the broad range of social objectives it might help achieve (Fitzpatrick 1999: 46). In other words, I consider that the UBI is of particular interest to this dissertation's purposes as a potential *policy* response to the social ills and their particular ideological and institutional context, as presented in chapter one.

This is important as it means that my perspective on the UBI fundamentally differs from those who hold that basic income constitutes a distinctive legal right (see De Wispelaere and Morales 2016 for a discussion). I contend that such an approach confounds a means with an end. My point of departure assumes entitlement to the UBI *as a matter of policy*. This means that I examine it as a policy instrument that offers a suitable way to guarantee social rights attached to citizenship. In other words, I do not consider that there is a right to the universal basic income but, rather, a universal right to a decent standard of living (i.e. to the social minimum), to which the (E)UBI may contribute thanks to its 'preferential relation to the conjunctive set of social rights or social goals [welfare state institutions are] under obligation to promote' (De Wispelaere and Morales 2016: 11). It is thus in the sense of a policy entitlement that I shall refer, in loose terms, to 'a right to the UBI' or a 'a citizenship-based right'.

It is now necessary to conclude this section with two final clarifications, before turning to the precise contours of this particular policy and confronting it to other closely-related proposals. The first one is semantic and is required in light of the fuzziness of the debate mentioned earlier. The second concerns my position on the on-going debate opposing two different views on the provision of universal and unconditional social transfers, namely whether these should be made in cash or in kind.

2.3. *The basic income 'label'*

The term 'basic income' seems to be used as a 'label' or a brand pointing towards somewhat different proposals. I do not use the term label to point to the existence of an overarching type giving way to various tokens in a vertical fashion but, rather, to highlight the interchangeable use of the same 'stamp' as a synonym for many different names, in a horizontal way. It points, from the outside, to proposals generally considered to be akin to each other, but which can nevertheless differ in fundamental aspects. The merge of terminologies under the basic income label, fuelled by advocates and opponents alike, is a source of confusion that I now want to avoid, before

proceeding further. I do not claim to provide an exhaustive view of the terms used in the literature but clarify briefly those that are most commonly employed in contemporary discussions.

Without surprise, I start with the most common name, the *basic income*. It is often used in opposition to the conventional forms of conditional and selective minimum income protection. This is why the basic income is also often called *unconditional basic income* or *universal basic income*. The former is used to highlight the absence of any behavioural or income conditions for entitlement. The latter emphasises the fact that the payment is distributed equally to everyone regardless of household composition and financial situation. The term *social dividend* points to the same proposal in design but insists on the collective character of wealth. It conveys the idea of an individual right of inheritance of the wealth accumulated by society, a claim in the redistribution of the proceeds of natural resources, knowledge accumulation and technical innovation, or other external assets such as jobs. The terms *universal dividend* or *state bonus* are (or were) used to refer to a similar understanding, while the term *demogrant* suggests a link between democracy and income security.⁴⁷ In a similar vein, some use the terms *citizen's income*, *citizenship income*, or *citizen's wage* either as a generic term similar to the basic income (such that it regroups many variants), or to stress the link between citizenship and the right to a decent standard of living capable of ensuring social and political participation, in opposition to conditional forms of transfers. In this former sense, the term citizenship is used by some in a broad way, such that all living in a political community are considered participating in the life of the *polis*. For others, it is meant in a literal sense as a right attached to nationality.

In the 1970's, experiments conducted in North America referred to a *guaranteed annual income* in the form of a *negative income tax* (NIT), that is, a form of guaranteed income without work requirement but (generally) dependent on the household's financial status and paid as a tax credit at the end of the fiscal year. The *basic income guarantee*, a popular term in the United States, is yet another name often used interchangeably to refer to both a basic income and a negative income tax. Similarly, the term basic income is also often used somewhat imprecisely to refer to other ideas which supposedly belong to the 'same family' of proposals, including the negative income tax but also the idea of a lump-sum capital grant, termed *universal basic capital* (UBC) or *stakeholder grant*, and the *participation income* (PI), an income distributed if a condition of social participation is met.

⁴⁷ In French, the English translation of universal basic income, *revenu universel de base* is more and more popular but the older expression *allocation universelle* has the advantage of capturing this double meaning of universal payment and individual stake on the commons.

For the purposes of this dissertation, I refer to the *universal basic income* (UBI) because it is a popular term in European policy debates, it insists on serving the purpose of basic economic security and captures well the ‘social dividend’ or citizenship-based dimension, often used as a justification for it, through its emphasis on universality. For simplicity, then, I shall continue to use the terms basic income and UBI interchangeably. Finally, to contrast the UBI with other proposals imprecisely coined under the basic income label, I use the expression *basic income-like* as an umbrella term for all schemes considered relevant in the basic income epistemic community because of some essential features they share with the UBI, such as the absence of work-related requirements or their universal coverage (i.e. UBC, PI and NIT). Before looking at the UBI and basic income-like proposals more closely, I turn to one last preliminary clarification.

2.4. *Why not in kind?*

There is an ongoing debate opposing those who favour a basic income in cash and those who defend universal transfers in kind or, in more appropriate terms, universal basic services (UBS). This discussion is not so much about the basic income versus the provision of public services as they currently stand since the UBI as a replacement of the entire welfare state is an option only envisaged in right-libertarian versions of the basic income (see e.g. Murray 2006). Rather, the debate is about whether the answer to current problems of the welfare state should be based *in priority* on the provision of a universal *income* or on the improvement of the quality of existing universal *services* (Bergmann 2004) and their extension to other services such as transport and telecommunications (Portes, Reed and Percy 2017), or housing, water and energy (Liegey *et al.* 2013).

In-kind provisions are defended on various grounds (see e.g. Hausman *et al.* 2017: 154-158 for a discussion). For instance, some contend that a mild paternalistic approach is more efficient to reach those in need and make sure that their basic needs are actually met, whilst ensuring optimal spending of public resources (Portes, Reed and Percy 2017). By providing free education, for example, a government avoids the risk of parents’ sub-optimal spending on their children’s education (Vanderborght 2014: 215). By contrast, a presumption in favour of cash, so as the argument goes, respects liberal neutrality by allowing each individual as much choice as possible with respect to its goals and projects, maximises individual freedom by providing what ‘a rational man wants whatever else he wants’ (Rawls 1971: 92) and thereby allocates resources in an efficient way, that is, one capable of satisfying a wide range of preferences in a context of limited information (Vanderborght 2014: 217). For many, this is valid *insofar as* some prior essential goods have been provided for (e.g. a legal system of rights and entitlements, basic systems of education and healthcare). Thus, universal income and universal services need not be incompatible. Indeed, some

UBS proponents consider them as complementary (Liegey *et al.* 2013; Portes, Reed and Percy 2017). Similarly, many UBI advocates hold, as noted by Vanderborght (2014: 219), that ‘the introduction of a universal benefit in cash is, of course, fully compatible with the maintenance and even the reinforcement of universal benefits in kind, such as free basic education, free healthcare or free access to public services in general’.

Against this backdrop, I do not consider in-kind and in-cash policies as mutually exclusive. However, besides the fact that I wish to analyse a particular proposal made by other scholars – that of an EU-wide basic *income* – my focus on the UBI rather than UBS derives from three other interrelated reasons. First, income plays a key role in poverty reduction (which includes income adequacy) as also recognised by critiques of resourcist approaches, such as Sen who writes: ‘the [notion of poverty as capability inadequacy and poverty as lowness of income] cannot but be related, since income is such an important means to capabilities’ (Sen 1999: 90). A focus on income is also an appreciation of the conflicting nature of money as a medium of exchange in a monetized world. While recognizing that money is not necessarily in itself a source of the kind of socialisation deemed essential for individual development, it is nevertheless essential when threats of money loss, whether perceived or real, impact relations of socio-economic dependence (Haagh 2015: 51). Second, I am concerned with the role the EU can play to address the problem of poverty. Whilst an EU-wide provision of in-kind benefits may not be impossible *in abstracto*, it seems to be far more unrealistic than a European-wide basic income. Third, the strength of a universal and unconditional income lies in its potential capacity to contribute to a wide range of social objectives, from supporting economic security and social inclusion at individual level to the support of national welfare systems on a systemic level, offering thereby an interesting approach of the puzzles inherent to the social dimension of European integration. For similar reasons, I do not consider proposals such as wage subsidies or job guarantees which are focused on augmenting wages or favouring employment levels.⁴⁸ My interest is, rather, in the role the EU may take in the provision of a social minimum guaranteed *by transfers*.

3. A taxonomy of the UBI and its alternatives

Now that the basics of the discussion are set, the next step is to define the characteristics of the UBI and other basic income-like schemes in order to justify the reasons behind my focus on the

⁴⁸ Wage subsidies focus on the recruitment of low-paid and low-skilled workers by providing incentives to employers. For a comparative approach of the UBI and wage subsidies, see van der Veen (2004) and Van Parijs and Vanderborght (2017: 44-45). The job guarantees refers to the state playing the role of ‘employer of last resort’. Some hold that it should be considered in priority to the UBI, although they are complementary rather than competing proposals (Harvey 2005) while others content that the UBI is superior and more desirable in securing both economic security and the ‘right to work’ (Standing 2005; Van Parijs and Vanderborght 2017: 46-48).

UBI rather than one of its close competitors. This section thus aims to establish a taxonomy of the forms of the kinds of social minimum relevant to our purposes, before turning to a comparative approach in the next section.

Why taxonomise? A taxonomy offers a number of advantages (Bailey 1994: 11-14). It helps to reduce complexity as it allows the condensation of information into simplified tables to provide a descriptive tool facilitating the researcher's understanding of how a policy proposal fares according to one dimension or the other. It also helps to identify the similarities among and the differences between the cases considered. Finally, by establishing an exhaustive list of dimensions relevant for comparative purposes, a classification allows the researcher or policy maker to study the superiority of one scheme over the others. The approach undertaken rests on a conceptual and multidimensional classification, in the sense that proposals are separated according to conceptual characteristics rather than empirical ones. It relies on Weber's (1947) notion of the *ideal type* (i.e. an extreme representation of the dimensions considered), which serves as the ultimate criterion type by which any empirical case can then be confronted. Ideal types serve as yardsticks to establish multidimensional classifications and to facilitate comparisons between concrete cases by measuring their deviation from the exemplar. As such, the taxonomy plays the role of a heuristic device advancing understanding through the identification of key theoretical characteristics of types, the description of their similarities and differences, and the reduction of complexity thanks to a structured system of classification. To establish the taxonomy, I start by identifying the various dimensions according to which the schemes selected will then be distinguished before classifying the social minimum ideal-types according to these dimensions.

3.1. *Identifying the dimensions*

The operation of division of proposals into distinct categories relies on a specific basis for distinction, referred to as the *fundamentum divisionis* (Marradi 1990: 132). Drawing from De Wispelaere and Stirton (2004)'s suggestion, it is possible to identify eight principal dimensions or *fundamenta divisionis* that one should take into consideration: Universality, Individuality, Conditionality, Adequacy, Uniformity, Frequency, Duration and Modality.⁴⁹ Some have been touched upon in my definition of the UBI but a few elements need to be added here for clarity: within each of these overarching dimension, I identify opposite pairs of properties to help further differentiate proposals.

⁴⁹ This section relies on De Wispelaere and Stirton (2004). However, they consider seven principal dimensions as they treat frequency and duration as one dimension whilst, for clarity, I separate them into two distinctive ones.

The first dimension, ‘universality’, points to the scope of the population covered. In a broad sense, a policy is *universal* if it covers all members of a political community (or all members of a sub-category of the population), irrespective of income or wealth consideration or other forms of targeting. It can be seen in opposition to *selective* measures which target a specific subset of the population according to specific criteria, the means-test in particular. Another pair opposes a *broad* and a *narrow* understanding of citizenship: all residents (broad) or citizens only (narrow).⁵⁰ At a European level, these considerations remain valid: a universal policy could include all legal residents within the EU or target EU citizens only.

‘Individuality’ refers to the assessment unit considered, which generally distinguishes between individuals and households. In most countries, the standard unit is the household, even though its definition may vary. For instance, whilst common residence is generally taken as reference, households can also be defined according to spending patterns, blood ties or marriage, or sustained dependence relationship.

The third dimension, ‘conditionality’, refers to the restrictions imposed on eligibility. Five different characteristics should be considered here. A first pair concerns the *nature* of conditionality, which distinguishes between constraints on resources (i.e. means-testing) and behavioural constraints. For classificatory purposes, I oppose means-tested versus non-means-tested and work-conditional versus non-work-conditional. Based on the stringency of these conditions, the scheme will be more or less inclusive. A second pair thus opposes *narrow* to *broad* conditionality. The level of inclusiveness of the social minimum is linked to the first dimension of universality, as the broader the set of conditions, the more inclusive (or the less selective) the social minimum will be. One should also distinguish between *ex ante* and *ex post* conditionality. *Ex ante* conditionality refers to the set of criteria that a person must satisfy to be eligible whereas *ex post* conditionality refers to the (behavioural) conditions a person must satisfy in order to retain eligibility. *Strict* and *weak* conditionality refer respectively to a clear institutionalisation of the rules and duties or to a certain level of administrative discretion in the enforcement of the conditions. Finally, conditionality can be *formal* or *hidden* (or *implied*). Formal conditionality points to the official restrictions on eligibility. Hidden conditionality concerns the way external contingencies might introduce incentives or discrimination between recipients. For example, if the amount of the UBI is adjusted according to macroeconomic performances (e.g. indexed on the growth of GDP), its level will decrease if productivity falls or if voluntary unemployment rises. Such a system thus introduces an incentive

⁵⁰ One may also ask: are these citizens also residents or would they be entitled to the benefit even if they lived abroad? For now, I assume, for simplicity, that they are residents in the political community concerned by the proposal.

to contribute to national production to maintain collectively a sufficient level for minimum income support. However, these two last characteristics (strict vs weak and formal vs hidden) can only be adequately assessed at the level of fine-grained proposals.

‘Adequacy’ refers to the level of support and whether it is sufficient to cover the basic economic and social needs of its beneficiaries, approximated by the standard poverty line (AROP). In other words, a social minimum is *full* if it is set at subsistence level (or above) or *partial* if it is not.

‘Uniformity’ points to the fact that the amount distributed can be the same for all (*uniform*) or can vary according to some differentiation criteria (*differential*). For instance, there can be different levels for different sub-sets of the population, according to household composition or age discrimination. Discrimination of this sort constitutes a form of ex-ante conditionality. The level of the social minimum can also be *constant* or *degressive* as other sources of income are earned. It is degressive when support is progressively lowered in proportion to new income inflows until it reaches a certain threshold. At this cut-off point, the social minimum provided by transfers may be completely withdrawn.

The ‘frequency’ dimension distinguishes between proposals in favour of a *one-shot* payment (i.e. recipients receive a capital stock at a certain age), and those who favour a *regular* flux of income. Regular payments can themselves be distinguished according to the timing of payments, such that it can be paid on a weekly, monthly or annual basis.

The ‘duration’ of payments can also be *permanent* or *temporary*. A time-limit can be linked to age discrimination, such that a child allowance stops when arriving at maturity for example. Making the social transfer temporary can also be considered as a way to combat free-riding and produce an incentive for active job search. In this sense, duration plays the role of a hidden condition. Here, I refer to a temporary proposal when it is pre-established that its payments follow a time-constraint.

The last dimension, ‘modality’, refers to three main sub-properties. First, a social minimum can be introduced according to a *residual* or an *institutional* conception of welfare policy (Groot 2004: 4). A residual model is based on the principle of self-reliance: basic institutions (family and market) are capable of satisfying the basic needs of the population and the state intervenes only when these institutions fail. By contrast, an institutional system recognizes that basic institutions are incapable of providing for the population’s basic means and institutionalises a socially guaranteed income floor below which nobody can fall. The second aspect points to the institutional design of the support scheme. The latter can be *complementary* to other social insurance and social assistance schemes or in-kind provisions, or it can be (partly) *substitutive* such that it replaces (part of) other

social benefits. Finally, it consists in the distinction between a transfer that is done *ex-ante* which is done without any information about disposable resources and a transfer payment done *ex-post*, which is based on the result of the means-test.

Table 2: Dimensions and properties of the taxonomy

Properties in pairs	Dimensions							
	Universality	Individuality	Conditionality	Adequacy	Uniformity	Frequency	Duration	Modality
	Universal vs selective	Individual vs household	Conditional vs unconditional	Full vs partial	Uniform vs differential	One-shot vs regular	Permanent vs temporary	Residual vs institutional
	Broad vs narrow citizenship		Means-tested vs non-means-tested		Constant vs degressive		Complementary vs substitutive	
			Work-conditional vs non-work conditional		Ex-ante vs ex-post			
			Broad vs narrow inclusiveness					
			Ex-ante vs ex-post eligibility					
			Strict vs weak enforcement					
			Formal vs hidden conditions					

Table 2 regroups all these pairs under their overarching dimension. The first range in colour shows the main fundamentum divisionis for each dimension. The other properties in pairs can be used to distinguish proposals at the ideal-type level but most of them become essential when identifying and comparing specific proposals for policy design and implementation in a particular institutional setting.

3.2. The UBI

Before looking at how these various dimensions apply to basic income-like proposals, I start with a definition of the UBI and a clarification of its main characteristics. The basic income shares the fact that it is paid in cash rather than in kind and on a regular basis (be it weekly, monthly or annually) with existing forms of social safety net, represented at the ideal-type level by the guaranteed minimum income (GMI). However, it is typically defined as a radical departure from the GMI since its main properties are the opposite of the GMI's means-tested, work-conditional and household-based features. I use the following working definition:

The UBI is a periodic cash payment paid by a political community to all its members on an individual basis, without conditions of resources or work requirement.

This definition contains three essential characteristics: it is universal, unconditional and individual. It is universal in the sense that it is granted to all members of a political community but the definition of such a political community can vary. Generally, the UBI is proposed at the level of

the nation-state. However, I consider here that the UBI is paid by a juridical-political entity that can be organised at a smaller level such as a region or municipality, or at a higher supranational level such as the European Union (Van Parijs 2006b: 9-10; Raventós 2007: 9). Similarly, there are more or less inclusive conceptions of what membership and universality mean.⁵¹ For some, only citizens can be considered as members of the political community and the basic income is a right attached to citizenship (see e.g. Ferry 1995, 2000). For others, it includes long-term legal residents and exclude citizens living abroad, or rely on a condition of fiscal residence, which excludes undocumented migrants, diplomats and people working in supranational organisations not subjected to national personal income tax (Van Parijs and Vanderborght 2017: 9). Whether universality is understood in a more or less inclusive conception, it is what gives the UBI the distinctive characteristic of a citizenship-based transfer since it is distributed to all citizens *qua* citizens, that is, in virtue of their membership of a political community, in contrast with other principles such as desert or need.⁵² The basic income also has a passive and an active citizenship-based dimension: its passive ingredient rests on the fact that a formal status (nationality or legal residence) is sufficient for entitlement; its active dimension points to the unconditional provision of means to act as full citizen.⁵³

Universality can also be used in a broad or narrow sense according to the age dimension. While a broad understanding of universality considers that the UBI should be given to all from ‘cradle to grave’, it may be restricted to categories of the population (e.g. adults, active population, young people, or children only). In an even narrower sense, the UBI can be restricted according to a sectorial approach; an ‘agrarian’ basic income for example would be distributed to farmers only. I shall consider here that, in principle, the UBI is a lifelong payment and use the expression ‘categorical UBI’ to refer to a proposal restricting the universality of payments to a certain age category or specific sector. Most fundamentally, the UBI is universal in the sense that it is paid irrespective of the financial situation. It is not designed to target a specific subset of the population living under a certain threshold of resources but distributed to rich and poor alike (at least *ex ante*, since according to the funding scheme, high income earners may be net contributors *ex post*).

⁵¹ Of course, the broadest understanding of universality includes all human beings but in the absence of a global form of government, a worldwide UBI (arguably) remains a distant possibility.

⁵² Access to a social minimum can be justified according to different principles such as desert (i.e. because of previous efforts and contributions, one is entitled to benefits), need (i.e. living below a certain threshold of resources is a sufficient condition) or, for lack of a better word, citizenship (i.e. everyone must be guaranteed certain resources to act as a full member of society). For instance, the principles of desert, need and citizenship respectively govern social insurance benefits, social assistance benefits and the provision of free public services.

⁵³ My understanding of ‘active citizenship’ differs from that of Fitzpatrick (1999: 15) for example, for whom it points to the duty to reciprocate in return for the benefits received. Chapter three is dedicated to this issue.

This is linked with the second essential feature of the UBI, its unconditionality. The UBI is unconditional in two main aspects. First, in the sense already mentioned that it is granted without any condition of resources (i.e. recipients do not have to show proof that their income is below a specified threshold to benefit from it). Contrasting with minimum income schemes which operate *ex post* on the basis of a prior assessment of the recipient's resources, the UBI is distributed *ex ante* without means-testing. The second meaning of unconditionality refers to the absence of behavioural conditions. The GMI typically requires beneficiaries to accept training, accept a job or prove willingness to work to be eligible for payment. By contrast, the UBI is obligation-free. I distinguish resource constraints from behavioural constraints but employ the term unconditional to point more specifically to the absence of behavioural obligations, as it is widely used in the literature.

The UBI's reference unit for payment is the individual. The UBI is paid to each individual rather than to the household as a whole. The level of payment is also constant, uniform and paid irrespective of the household's size and composition. Minimum income beneficiaries, on the contrary, receive different amounts if they are living alone, if they have dependents or if they simply share a roof, and payments can be degressive or time-constrained. The combination of its three essential features – individuality, universality and unconditionality – make the UBI a preventative social policy in contrast to existing policies, which operate in an ameliorative way (Dowding *et al.* 2003a: 3).

As concerns the 'adequacy' dimension, the level of the UBI is a matter of controversy and was not included in the definition on purpose. For some, the term 'basic' refers to the satisfaction of basic needs such that the UBI should be pitched at a sufficient level – *the subsistence level* – to provide each individual with a decent or adequate standard of living (see e.g. Barry 2001, Raventós 2007 for a defence of this view). For others, 'basic' means 'basic economic security, not total security or affluence' (Standing 2017: 3). According to this view, the UBI could start at a level insufficient to meet one's basic needs, be complemented by other conditional benefits and be gradually increased. For yet others, the UBI can either fall short or exceed what is considered adequate, the relevant criterion being instead that the UBI should be pitched at the 'highest sustainable level' (see Van Parijs 1995: ch. 2 for a discussion). I refer to a 'full' UBI (or subsistence UBI) when it is set at the subsistence level (or higher) and to a 'partial' UBI when its amount is set underneath that level.

With respect to the last four dimensions, the UBI is a permanent rather than temporary policy, and it typically involves uniform constant payments transferred on a regular basis. However, it can involve differential payments according to age segmentation, but these would remain constant and

uniform in each category. If the UBI replaces most existing social transfers (whether assistance or insurance schemes), it can be considered as a substitutive policy. A partial UBI added to the existing welfare provisions (and replacing only some of them which are no longer considered relevant) would on the contrary be a complementary policy. It is institutional rather than residual as it evacuates the principle of self-reliance and provides all individuals with basic social security on the basis of citizenship (whether understood in broad or narrow terms).

3.3. *Basic income-like proposals*

As already emphasised, my concern is with those kinds of social minimum that are guaranteed *by transfers*. I consider here the participation income (PI), the negative income tax (NIT) and the universal basic capital (UBC). The choice of selection of these schemes rests on their intention to provide minimum income security to all individuals, including those who fall outside the labour market and for their relevance in the basic income literature, which considers them ‘akin to the UBI’ (Raventós 2007), as its ‘cousins’ (Van Parijs and Vanderborght 2017) or as one of ‘the many faces’ of basic income (De Wispelaere and Stirton 2004).

The Participation Income (PI), proposed by Anthony Atkinson (1993, 1996, 2011, 2015), does not rely on means-testing and takes the individual as assessment unit. It relies on a work-test based on a broad criterion of *social participation* (i.e. a form of ex-ante conditionality) which includes

people working as an employee or self-employed, absent from work on grounds of sickness or injury, unable to work on grounds of disability and unemployed but available for work, [but also] people engaging in approved forms of education or training, caring for young, elderly or disabled dependents or undertaking approved forms of voluntary work, etc. The condition involves neither payment nor work; it is a wider definition of social contribution. (Atkinson 1996: 68)

In Atkinson’s perspective, the PI should not replace social security but complement it (i.e. it is an institutional and complementary type of scheme). It can be full or partial, it is paid on a regular basis and it is permanent so long as the social participation criterion is met. Concerning the age dimension, the PI is aimed at adults only in Atkinson’s version while children are entitled to a child UBI. It can be based on a broad or narrow understanding of citizenship but Atkinson does not stipulate what his preference is for.

The Negative Income Tax (NIT) is a socially guaranteed income capable of completing or replacing other sources of income by paying a premium or bonus in the form of a refundable tax credit. For the Nobel Prize winner Milton Friedman (1962, 1968), the NIT is designed to replace all social

transfers (i.e. a substitutive policy)⁵⁴ but it can also supplement other social welfare provisions (i.e. a complementary policy). Since the fiscal unit is currently based on the household, NIT advocates often take the same reference but recent proposals that fit under this ideal type rely on the individual (see e.g. de Basquiat and Koenig 2014). It requires a prior assessment of the households' or individual's fiscal declaration, as would any other means-tested fiscal regime, and is thus calculated and distributed *ex post*. It is thus selective in this resource-conditional sense, but is not based on any behavioural constraints such that it provides a guaranteed universal floor unconditionally when resources fall below a certain threshold. This is why some have referred to it as an instrument of 'universal means-testing' (Fitzpatrick 1999: 75). Its amount is not uniform since it is inversely proportional to other incomes earned (i.e. it is a degressive measure). The NIT is a regular and permanent cash payment as long as the means-test requires it.

The Universal Basic Capital (UBC), also often called basic endowment, basic capital grant, stakeholder grant or citizen's stake is a universal grant of money paid to all citizens (generally focused on a narrow conception of citizenship) on an individual basis at their maturity (Dowding *et al.* 2003b; Ackerman and Alstott 1999 and 2006; Paxton *et al.* 2006).⁵⁵ Defined as a 'seed' capital, it involves a one-shot uniform payment which amount is generally substantial and paid *ex ante* given the absence of means-test. It may rely on broad forms of conditionality related to education requirements or the absence of criminal background for instance (as in Ackerman and Alstott 1999), but it is non-work-conditional.

Table 3 summarizes all the characteristics of all ideal types according to the different pairs identified within each fundamentum divisionis. As this synthetic table shows, certain dimensions have not been categorically defined. For example, I have not associated the different types of social minimum with a specific choice regarding recipients (i.e. between a broad and a narrow understanding of citizenship), nor have I settled for a full or partial version of each scheme, which leaves the question of the complementarity or substitutivity open as well. These characteristics depend on the justification associated with the scheme and the institutional context of implementation. The signs > and >> represent a sub-category whereas the / shows that both properties can be found within proposals.

⁵⁴ Friedman's NIT scheme consists of a flat rate tax credit, coupled with a linear income taxation. Roughly, he proposes to implement a single system juxtaposing a negative income tax for the lower incomes and a progressive income tax for those above a certain income level (the break-even point) (Friedman 1962: 12)

⁵⁵ For example, in Bruce Ackerman and Anne Alstott's (1999) proposal, each citizen would receive a stake of \$80,000 at age 21 funded out of a wealth and inheritance tax.

Table 3: Main properties of social minimum ideal-types

		GMI	UBI	PI	NIT	UBC
Universality	Universal (U) vs Selective (S)	S	U	S	S	U
	> Citizens (C) vs Residents (R)	C/R	C/R	C/R	C/R	C/R
Individuality	Households (H) vs Individuals (I)	H	I	I	H/I	I
Conditionality	Conditional (Cond) vs Unconditional (Unc)	Cond	Unc	Cond	Cond	Unc
	> Means-test?	Yes	No	No	Yes	No
	> Work-conditional?	Yes	No	Yes	No	No
	>> Broad (B) vs narrow (N)	N		B		
Adequacy	Full (F) vs Partial (P)	F/P	F/P	F/P	F/P	
Uniformity	Uniform (Uni) vs Differentiated (Diff)	Diff	Uni / Diff	Uni	Diff	Uni
	Constant (C) vs degressive (D)	D	C	C	D	
Frequency	One-shot (OS) vs Regular (Reg)	Reg	Reg	Reg	Reg	OS
Duration	Temporary (Temp) vs Permanent (Perm)	Temp/ Perm	Perm	Perm	Perm	
Modality	Residual (Res) vs Institutional (Inst)	Res	Inst	Inst	Inst	Inst
	Substitutive (Subs) vs Complementary (Comp)	Comp	Subs/Comp	Comp	Subs/Comp	Subs/Comp
	Ex ante vs Ex post transfer	Ex post	Ex ante	Ex post	Ex post	Ex ante

This taxonomy shows that schemes that are generally considered akin to one another such as NIT and UBI might actually be very different according to their ideal-type dimensions. For example, the NIT shares a lot with the GMI in terms of its means-tested, degressive, temporary and *ex post* features. Even though, as mentioned earlier, ideological and institutional contexts matter a great deal in the appraisal of a policy's outcomes, the classification helps understanding how the desirable goals and prescriptive characteristics of a policy can be fine-tuned for implementation purposes. In other words, it enables one to appreciate how different features might produce different outcomes when implemented.

4. Why settle for the UBI?

Now that the differential features of the social minimum alternatives are clear, I aim to confront the UBI with its close competitors. It is not my intention to provide an exhaustive discussion of the arguments confronting how one scheme might fare better than the others according to each dimension highlighted in the taxonomy. Rather, the differences in the schemes' characteristics underlie the broader comparative discussion which aim is to clarify why the UBI makes particular sense to address issues of economic insecurity and the deficiencies of social safety nets identified in chapter one.

I separate this discussion in two main steps. I start with a comparison between the GMI, which as a safety net with certain shortcomings is part of the problem of poverty in the EU, and the UBI,

considered as a potential solution. Then, I confront the UBI with basic income-like schemes as these may be considered as alternative solutions. I do not claim that the UBI would be the natural instrument to pursue a particular conception of justice. Instead, I argue that it can offer a better way than its rivals to achieve key goals of social protection, namely economic security and social participation, consistent with my understanding of the social minimum as the means necessary to guarantee a life in dignity in a given society. My approach is thus conditionally prescriptive: if one considers a certain set of goals desirable, then one should find the policy solution embodied in the UBI attractive. Assuming that all schemes are set at adequate level for now, I contend that, thanks to its constitutive characteristics, the UBI offers a promising avenue to ensure economic security, thanks to its effectiveness in terms of poverty relief and its relation to employment as well as social inclusion writ large, whilst doing so in a non-stigmatising and more emancipatory way. More particularly, I argue that the strength of the UBI stems from its capacity to score well when considering these desiderata as one conjunctive set. Finally, I only focus on the ‘receiving side’ of the basic income and its impact on people living in poverty and do not examine financial feasibility concerns for now.

4.1. UBI vs GMI

I start by evaluating the claims of UBI advocates favouring the basic income over the GMI in terms of poverty relief before looking at their comparative capacities for a return to employment and social participation writ large. I then turn to the psychological aspect of economic security in a context of uncertainties. The emancipatory power of the UBI is underlined in each dimension.

4.1.1. Poverty alleviation

The primary aim of an anti-poverty instrument is to close the poverty gap, measured by the amount of transfers required to ensure that people living under the poverty line are able to meet or exceed that threshold. In other words, it is about being *effective* in reaching those most in need. Then, it must be *efficient*, such that the proportion of resources mobilised to reach the goal contributes to it without waste. Intuitively, then, a policy such as the GMI, which is organised in order to best identify those in need and takes the financial situation of their household into consideration, seems more efficient than one distributing money to everyone. However, UBI advocates have emphasised a number of reasons to justify why it would be ‘better for the poor to give to the rich’ (Van Parijs 2006b: 14).

The first reason advanced is that the UBI is a more effective instrument to reach those in need than the GMI, whilst being less stigmatising (Fitzpatrick 1999: 52-53; Van Parijs 2006b: 14;

Raventós 2007: 122; Vanderborght 2014: 212; Van Parijs and Vanderborght 2017: 17). This is because the selectivity dimension of the GMI relies on means-testing and operates *ex post*, which lead to certain problems. As was shown in chapter one, a stringent means-test may lead to bad coverage. Eligibility conditions, administrative complexity and ignorance of rights also impact the rate of take-up such that people entitled to social benefits may fall through the net. Controlling and monitoring the level of disposable resources of claimants also takes time and may involve delays of payment. In face of this, a universal basic income is more effective as it avoids problems of ill design: by granting an income automatically (i.e. without means-test and *ex ante*) to all on an individual basis, those unreached because of eligibility conditions or because of unclaimed rights are not failed anymore. As such, it provides a firm and stable basis for economic security. Moreover, thanks to the system's simplification, social workers may be relieved from their dual (and often schizophrenic) role of control on the one hand and support on the other, which allows them to focus exclusively on the latter (to the extent that administrative simplification does not entail a loss of job) and reduces the risk of administrative discretion. In addition, the effectiveness of the UBI may also stem from its political resilience on the long term (Vanderborght 2014: 214). Research has shown that some degree of redistributive inefficiency (called 'the Matthew effect') may provide wider and more robust political support towards the needier (Korpi and Palme 1998). According to this claim, universal schemes are more resilient against a potential backlash than selective ones because they are more inclusive (in particular because they involve the middle class) whilst a scheme with eligibility conditions tend to assign different statuses to different members of society and, thus, emphasise redistribution from the well-off to the least-advantaged, making it more politically salient.

The UBI also avoids (real or perceived) problems of social stigma. The rate of non-take-up was also explained by the refusal to accept the conditions of the GMI, whether these relate to the means-test or the work-test, considered as stigmatising and humiliating. Precisely because it is a citizenship-based social transfer, the UBI does not rely on any notion of need or desert respectively associated with means-testing and activation measures. People in need do not have to prove how poor they are and there is no administrative distinction made between the 'deserving' and 'undeserving poor' (i.e. those who put efforts in their activation agenda and those who 'take advantage' of the system). Furthermore, the individual nature of the UBI avoids interference with a household's privacy (i.e. controls of home and/or possessions) which is often perceived as humiliating. The individuality of the UBI does not penalise cohabitation, contrary to the GMI which level typically differs according to household composition, given the economies of scale possible for a larger group. However, considering that loneliness 'pays' with the GMI (i.e. levels of

transfers are higher for someone living alone), the UBI may promote more social bond and additional purchasing power for those with the least of it. Finally, the UBI's individuality is gender neutral. Recalling that women were among the groups more vulnerable to poverty (see chapter one), the UBI may thus provide the means for women to be financially independent from their partners, compared to a household-based scheme inherited from the male-breadwinner model.⁵⁶

4.1.2. Access to employment and social participation

Besides the superiority of the UBI over the GMI in terms of effectiveness, scholars have claimed it also provides efficiency gains as its universality solves another deficiency of means-testing and the degressivity of the GMI: the risk of poverty (or unemployment) traps (Fitzpatrick 1999: 25-27, 56; Van Parijs 1995: 36, 1996; Raventós 2007: 119-121, 124-125; Standing 2011: 82-83, 2017: 77; Vanderborght 2014: 213; Atkinson 2015: 209-210; Van Parijs and Vanderborght 2017: 19).⁵⁷ The poverty trap defines situations in which a return to employment or an increase of working hours is not followed by a net increase in disposable earnings, because of the suppression or reduction of social benefits and the impact of taxes associated with the remunerated activity, as well as other costs induced by the uptaking of activity such as transport or childcare.⁵⁸ The main hypothesis is thus that means-tested schemes have built-in disincentive mechanisms which push a rational individual to remain unemployed if wage levels are not satisfactory enough. In technical terms, these point to the 'withdrawal rates', or effective marginal tax rates, of means-tested benefits which may go as high as 100 per cent (i.e. for extra 1€ earned, 1€ of benefit is withdrawn). Given that employment is a major source of exit from poverty, the advantage of the UBI over the GMI thus stems from the fact that the former is cumulative while the latter is not. In other words, when accepting a low-paid or part-time job with the GMI, an individual loses its social benefit whilst (disregarding subsequent retrieval through taxation) the UBI is retained in full and can be topped up at will with other earnings, thereby offering incentives to seek work and 'make work pay'. As

⁵⁶ This is, however, a contentious debate to which I come back in chapter three. See also Widerquist *et al.* (2013: 141-186) for a review of the different positions.

⁵⁷ UBI advocates have also made claims in relation to the UBI's cost efficiency (Fitzpatrick 1999: 53; Van Parijs and Vanderborght 2017: 18; see also Pereira 2017 for a comprehensive discussion). Whilst the gross cost of the UBI would be considerable, they argue that the net cost would be significantly lower. This is due to savings on administration expenditure thanks to the system's simplification and the automation of payments, the substitution of certain social benefits by the UBI, and the redistributive effects of a UBI funded out of a progressive income tax for instance. However, the cost efficiency argument cannot be made in abstract terms as it depends on the modality of the scheme (i.e. whether it is introduced as a complementary or substitutive measure), and its funding scheme. Also, while efficiency gains may come from simplification, UBI advocates would be best advised not to underestimate the administrative hurdles associated with the scheme's implementation (De Wispelaere and Stirton 2011, 2013). For a comprehensive discussion of the UBI vs the GMI in terms of their comparative efficiency, see also Van Parijs (1992b).

⁵⁸ To be more precise, one may distinguish between three forms of traps. People 'trapped' in welfare but not looking for work (e.g. for health reasons) are concerned by the 'inactivity trap' while those looking for work are concerned by the 'unemployment trap'. The 'poverty trap' encompasses them both and also includes those who are in employment but do not augment their working time because their earnings are topped up by means-tested benefits (Purière 2012).

such, the UBI is considered more efficient to lift people out of poverty traps because it offers a stable form of employment subsidy given to the potential employee rather than to the employer.

The hypothesis underlying the poverty trap must be nuanced in practice. For instance, studies on the specific case of minimum income schemes in France reveal that this rational explanatory model is weak (Dubet and V  r  tout 2002; Guillemot, D  tour and Zajdela 2002; Zajdela 2009; Puri  re 2012). They show that unemployed people rarely refuse a job solely for financial reasons, as employment is considered by welfare claimants as a source of self-worth and well-being. Inactivity thus comes from other ‘good reasons’ such as the bad quality of employment opportunities at the lower end of the labour market. These studies emphasise that, rather than being located on the supply side of labour, the trap is on the demand side: inactive people are ‘trapped’ in welfare in significant respects because of the prospects of poor quality jobs. Nevertheless, pointing out the fact that the GMI creates a poverty trap does not amount to asserting that people never take jobs when they pay less than social benefits nor that other reasons might better explain why people remain ‘trapped’ in welfare. Rather, it reflects one of the reasons often used for not raising the levels of the GMI – it would increase the risks of making more people ‘dependent’ on welfare – which is particularly problematic given the widespread inadequate levels of existing minimum income schemes in the EU, and reveals the poor opportunities related with means-testing in face of the expenses and risks associated with precarious job markets.

Whilst the poverty trap is associated with the degressivity of the GMI, its behavioural conditionality is also problematic as it may force people into employment despite poor prospects at the lower end of the job markets, with the effect of keeping people in poverty despite being in employment. By contrast, the UBI’s unconditionality offers the possibility of an ‘exit option’ or a ‘right of non-entry’ in the labour market in face of badly paid or poor-quality jobs (Fitzpatrick 1999: 131-132; Birnbaum 2012: 197-198; Widerquist 2013b; Van Parijs and Vanderborght 2017: 21-27).⁵⁹ So as the argument goes, the UBI provides individuals with more bargaining power and potentially oblige employers to improve pay and working conditions, or automate work, in case of a lack of demand for the jobs they supply. This argument should not be overemphasised, in particular for vulnerable workers, as it heavily depends on the structural conditions of labour markets such as the maintenance of minimum wages, the power of labour unions for collective voice, the availability

⁵⁹ I come back to the unconditionality of the UBI in more details in chapter three.

of jobs at the lower end of the labour market, which are the ones easily affected by automation trends (see Birnbaum and De Wispelaere 2016 for a discussion).⁶⁰

Nonetheless, the key strength of the UBI lies, in comparison with the GMI, in the conjunction of two forms of unconditionality which ‘gives more options to those who have the least of them’ (Van Parijs and Vanderborght 2017: 22): the absence of means-test provides the capacity to ‘say yes’ to jobs not attractive financially but potentially so for other reasons (e.g. because they are socially useful or provide experience) and the absence of work-test provides ‘the power to say no’ to unattractive or demeaning jobs (Widerquist 2013b). The UBI thus provides the kind of economic security and enhanced freedom of choice that allows a voluntary return to employment.

This enhanced freedom also means that the nature of the activity may be chosen. While the activation agenda associated with the GMI pushes for work in the traditional economic sense, the unconditionality of the UBI also empowers people to reduce their working time and to choose their activity, from access to education and training (an important feature in a skill-oriented economy), to other forms of entrepreneurial activities or voluntary work. In this sense, by cutting the link with the labour market, the UBI may be seen as an instrument of ‘de-commodification’ of human labour (Van Parijs and Vanderborght 2017: 27) and as a seed capital able to unleash people’s entrepreneurship capacities, ‘by better buffering the self-employed, worker cooperatives, and capital labour partnerships against the risk of uncertain and fluctuating incomes’ (Van Parijs and Vanderborght 2017: 24). As such, it also provides the flexibility to securely move between different kinds of activities and statuses according to life events and choices, a non-negligible dimension in face of the uncertainties faced by the precariat in particular. Overall, these claims lead Van Parijs and Vanderborght (2017: 26) to argue that the UBI offers a way to combine ‘greater security’ with the development of ‘a desirable form of flexibility’, making it ‘an intelligent emancipatory form of “active welfare state”’.

4.1.3. The wider effects of economic security

The particular characteristics of the GMI and the UBI may also lead to different consequences in relation to psychological security. Recent research in behavioural economics, known as the ‘theory

⁶⁰ The maintenance of firm minimum wages, for instance, is a crucial point. In their absence, the GMI would be superior to the UBI because it provides a ‘reservation wage’ which obliges employers to offer market wages above its level. The value of the basic income, in contrast, may simply be captured by employers now able to lower their wages by the equivalent amount. In practice, however, the strength of the GMI as a reservation wage must be nuanced given the current strengthening of activation policies to push people into employment in combination with stagnant or decreasing wage levels to increase competitiveness, this may not hold in practice. It is also worth mentioning that some see the UBI as a way to introduce further flexibility on the labour market by replacing the minimum wage which is said to create rigidities and distortions between supply and demand (Groot 2004), but this constitutes an undesirable option given the precarisation trends highlighted in chapter one.

of scarcity', has shown the impact of poverty on cognitive functions (Mani *et al.* 2013; Mullainathan and Shafir 2013). The general idea is that when people 'have less than what [they] feel [they] need' (Mullainathan and Shafir 2013: 4), they may develop a 'scarcity mindset' that impacts decision-making capacities. It has been observed that people living in poverty make poor decisions and thus perpetuate their situation of poverty because 'poverty-related concerns consume mental resources, leaving less for other tasks' (Mani et al 2013: 976). This psychological mechanism impacts similarly the workaholic who forgot the birthday party of her children and the person living in financial difficulty who needs to make long-term plans. Time is scarce for the former, money is scarce for the latter. Living in poverty thus captures the attention and obliges one to deal with short-term issues, possibly under important stress levels, and involves trade-off thinking. This impedes the mental bandwidth available which, in turn, affects economic decision-making and behaviours.

Similarly, demanding conditional social benefits might have a negative effect on cognitive functions because fulfilling their requirements may create an additional tax on the mental bandwidth (Mullainathan and Shafir 2013: 149-151). For instance, a properly designed childcare policy may decrease the mental tax. Likewise, a basic income which provides constant economic security without any condition might thus decrease the feelings of scarcity and have 'freeing effects' on the 'mental bandwidth' with executive functions now available for other activities, such that a UBI would not only impact poverty relief in material terms but also improve decision-making processes (de Bruijn and Atonides 2016: 24-25).⁶¹

This could also improve personal resilience for those in the precariat who deal with 'chronic insecurity' and multidimensional uncertainties (Standing 2017: 88). A regular, permanent and uniform source of income provides a sense of security which lowers the psychological fears associated to a change of status from unemployed to worker (which may also explain the unemployment trap). These involve for instance the fear of not being able to adequately respond to the demands of the new job and to face again, if it is lost, the risks of complex and possibly stigmatizing administrative procedures, as well as potential delayed payments and, thereby, an interruption of earnings perceived (Standing 2011: 82).

Speaking of uncertainty, the fastly evolving dynamics of technological progress has led some to argue in favour of a basic income as an essential component in a jobless future (Ford 2015; Mason 2015; Srnicek and Williams 2015). Although the net effects on jobs remain unclear (see chapter

⁶¹ The scarcity theory is one of the theoretical models mobilised by researchers in the Dutch pilots which seek to test the behavioural impact of a reduction of conditionality on social assistance recipients (Verlaet and de Bruijn 2016; Groot and Verlaet 2017).

one, section 3.3.), the UBI may indeed offer the kind of security necessary in face of the uncertainties attached to job replacement – for blue and white collars alike – and the associated risk of poverty – for the precariat in particular – whilst providing the kind of flexibility necessary to adapt to fragmented careers, a way to redistribute the gains of productivity produced by automation, digitalisation and robots, and offer a more equitable access to leisure.

In addition, universal forms of economic security may also have positive social outcomes at both individual and community levels. For instance, one of the negative income tax experiment of the 1970's, the MINCOME experiment in Dauphin, showed important health effects: overall hospitalisation rates fell by 8,5% among the treated group relative to controls over the treatment period, with an important decrease of hospitalisation rates related to accidents and injuries and to mental health diagnoses in particular (Forget 2011, 2013). These effects, much larger than expected considering the number of families eligible for income support (a third of the families in Dauphin), pointed to the importance of positive effects at community level: with everyone involved in the experiment ('saturation site'), social interaction may have influenced social attitudes and individual behaviour even among those who did not qualify, potentially reinforcing the direct effects of a guaranteed income.⁶² Considering that the UBI may have advantages over a negative income tax in terms of security (see section 4.4.), this may also provide serious arguments in favour of the effectiveness of the UBI over the GMI not only in combating the depth and persistence of poverty (in and out of work), but also its related effects on wider social considerations at both individual and community levels.

To conclude this section, it must be said that the effectiveness of the GMI – and thus its comparative strength – may be significantly improved in practice by reducing work-conditionality, making the means-test more inclusive and individualising benefit entitlement. Thanks to the available technology, the GMI may also be automatised, thereby reducing substantially the rate of non-take-up. This is certainly desirable given the shortcomings of MIS identified in chapter one but it amounts, in effect, to a 'basic income trajectory' (Quilley 2000: 183) towards the universality, individuality, unconditionality and automaticity of the UBI which indirectly corroborates its superiority.

⁶² Similarly, North American experiments showed positive effects in education matters with higher test scores for children in the poorest families or on adults in continuing education and anti-school-dropout effects (Levine *et al.* 2005: 100) as well as improved nutritional adequacy and a reduction of low birth weight in most vulnerable groups (Salkind and Haskind 1982).

4.2. *UBI vs basic income-like schemes*

The superiority of the UBI over the GMI does not settle its case. Indeed, it is generally acknowledged in the basic income community that other forms of stakeholding would also improve the status quo because they also provide more inclusive forms of economic security and widen the option span available to individuals. Yet, as the taxonomy showed, they differ in significant respects which, I contend, strengthen the case for the UBI. I now confront the UBI to the NIT, UBC and PI in turn.

4.2.1. *UBI vs NIT*

The NIT and the UBI both operate without behavioural constraints, which is why they are often associated under the basic income label. Some of the arguments justifying the superiority of the UBI over the GMI also apply to the NIT. The latter simplifies administrative procedures and reduces the stigma that merit-based work-conditionality may trigger (Fitzpatrick 1999: 93-94, 96). Moreover, under certain assumptions, both schemes can be shown to produce equivalent post tax-and-transfer distribution and the same effective marginal tax rate, such that it is also less prone to the unemployment trap.⁶³ This is true if (i) the reference unit of the NIT is the individual, (ii) the UBI is funded through a personal income tax, and (iii) taxation is linear (flat tax) (Van Parijs and Vanderborcht 2017: 32-36).⁶⁴ Under these conditions, the NIT might be cheaper to administer than a scheme involving upfront payment to those with high incomes and taxing it back later (Solow 2001: xv). However, even under these conditions, both schemes might not produce the same advantages, according to my desiderata set, as economic security, social inclusion, and absence of stigma do not only depend on ‘how much’ is distributed but also ‘how’ transfers are made (Fitzpatrick 1999: 95).

The key difference is the method of payment used. Contrary to the UBI, the NIT still involves a means-test and thus operates *ex post* on the basis of a screening of disposable resources. This means that it still involves some uncertainties associated, for instance, with risks of administrative time-lags and delayed payments. To provide the same source of security as the UBI, the NIT would require a system of advance payments to avoid a waiting time until the end of the fiscal period (Van

⁶³ See Van Parijs (1992a: 3-5; 1995: 37, 57; 2006b: 15-16); Van Parijs and Vanderborcht (2017: 32-35). For a comprehensive study, see Atkinson (1995). For an econometric simulation model of their distributive outcomes, see also Tondani (2009) and Honkanen (2014).

⁶⁴ Note also that a flat tax-based negative income tax is not neutral from a normative perspective. Fitzpatrick (1999: ch. 5) places it in the ideological family of the ‘radical right’ mainly influenced by a rationalisation agenda. In practice, this is also shown by the recent French proposal made by de Basquiat and Koenig (2014), inspired by Friedman’s view of the minimal state, which has been fiercely criticised by Clerc (2015) for its poor redistributive effects towards the worst-off.

Parijs 2001: 11-12; Van Parijs and Vanderborght 2017: 38). This demands setting up a procedure to identify those who can be expected to be below the break-even point at this later stage, which involves costly procedures that may offset some of the efficiency claims favouring the NIT. Furthermore, as was argued before, the unemployment trap does not only stem from rational calculations about expected earnings, it is also a matter of uncertainty about work opportunities, such that transfers made *ex ante* also make a difference from the perspective of a return to employment (or other forms of activities). Additionally, with or without a system of advance payment, the NIT still requires targeting those in need and still involves a difference of statuses between ‘worker’ and ‘claimant’. It may thus remain vulnerable to problems of social stigma and non-take-up, even if these can be expected to be significantly lower than in the case of the GMI. Against this backdrop, the NIT already scores lower than the UBI in terms of its overall economic security and emancipatory power. As pointed out by Van Parijs (1995: 36), the NIT ‘takes the form of a contingent form of corrective transfers rather than a sum of money on which one can fully bank simply because it is tangibly there’. In this sense, the NIT appears as a limiting case of the GMI.

It may also involve other limits. Whilst the UBI is individual by definition, this is not necessarily the case with the NIT as illustrated by its concrete proposals (e.g. Friedman 1962, 1968) and experiments involving NIT (see Levine *et al.* 2005 for a review). Putting aside the fact that a household-based NIT would not be fiscally equivalent to the UBI, this also means that it would not be able to address intra-household inequalities, still require intrusion into households’ privacy (including potential controls) and penalise cohabitation. Moreover, the NIT is based on income taxation, *by design*. Therefore, it is an adequate candidate for national tax-and-transfer reform but much less for an EU-wide transfer. Income definitions, tax bases and tax rates differ widely across the EU. As highlighted in chapter one, harmonisation of the sort would face major (political and operational) barriers to positive integration. The UBI, by contrast, can more easily be funded out of other sources such as indirect taxes or carbon taxes. To sum up, according to the goals of social protection identified *supra*, the characteristics of the NIT render it both less desirable and less suited as an EU-wide anti-poverty instrument.

4.2.2. UBI *vs* UBC

UBI and UBC share most of their characteristics. Both are institutional, individual, universal, and unconditional policies which operate *ex ante* given the absence of means-test. One major distinction, however, must lead us to prefer the UBI if the overall objective is economic security. What distinguishes them is the frequency dimension: the UBI is given on a continuous and regular

basis, the UBC is a one-shot basic endowment given at maturity. Under the (disputable) assumption of perfect capital markets, it is true that both schemes are convertible, at least in principle. A UBC may be converted into a basic income if it is actuarialised to produce a flow of equivalent annuities (if its level is sufficient to provide a full UBI).⁶⁵ Similarly, the UBI may be used as mortgaged or borrowed against to create a bigger capital available immediately. However, this possibility is resisted by many advocates who consider, for ‘mildly paternalistic concerns’ (Van Parijs 1995: 47) or according to a principle of ‘reasonable precaution’ (van der Veen 2003: 151), that the UBI should not be mortgageable.⁶⁶ A regular stream of income should be preferred to a lump sum capital for one main reason: the risk of stake blowing.

Whilst a substantial stake received at maturity may open up significant opportunities to invest in the future, these may easily be squandered or lost whether voluntarily or involuntarily. As noted by Van Parijs and Vanderborght (2017: 31), ‘lifetime opportunities [are] powerfully affected by intellectual abilities, parental attention, school quality, social networks, and many other factors’. In this sense, a mildly paternalistic approach embodies a concern with economic security throughout a lifetime rather than simply ‘at the start’ (Van Parijs 1995: 47). In response, Ackerman and Alstott (1999: 47, 48) criticise the UBI as a ‘fancy name for a *restraint on alienation*’ and as a tool encouraging a mere ‘short-term consumerist perspective’. However, as pointed out by Pateman (2004: 96), ‘by breaking the link between income and the labour market [the UBI] would allow individuals, if they so wished, to abstain from the race to accumulate ever more material goods and help combat the identification of freedom with consumerism’.

In fact, this shows how the UBC and the UBI differ in their underpinning cultural approaches, as highlighted by van der Veen (2003). The UBI ‘builds on the [mostly European] foundations of a universalistic minimum income guarantee’ and ‘is fundamentally oriented to mastering the subsistence constraint’, while the UBC fits well within ‘the American dream of emancipation through entrepreneurship’, based on a “starting gate” conception of responsible action’ (van der Veen 2003: 150, 164). If one is concerned, as I am, with designing an inclusive social protection scheme providing both economic security and emancipation for all throughout the lifetime, then a regular stream is clearly preferable to a lump-sum grant.

⁶⁵ The amount of the UBC is often far below an equivalent full UBI when converted into annuities. See e.g. the calculations of van der Veen (2003: 161) on the basis of Ackerman and Alstott’s (1999) proposal.

⁶⁶ For a series of more nuanced positions and proposals, see the contributions in Dowding *et al.* (2003b). For a detailed comparative approach, see also Fitzpatrick (2007).

4.2.3. UBI vs PI

I end this comparative approach with the participation income because it may produce similar outcomes to the UBI such that it is not as easy to discard as a candidate, according to my desiderata set. In terms of characteristics, the PI is also an institutional policy, paid regularly on an individual basis and without means-test. Atkinson's proposal constitutes a response to the failures of means-testing and would thus, just as the UBI, be much more effective than the GMI in reaching those in need and avoiding the poverty trap. As an individual policy, it is also a gender-neutral and non-intrusive policy in terms of privacy and living arrangements.

The main difference between them has to do with their entitlement basis. The UBI is paid to every individual according to citizenship whilst the PI is conditional on 'social participation', such that it operates *ex post* if one satisfies this prior behavioural constraint. Putting aside for now the normative justifications and problems associated with these two different approaches of citizenship (see chapter three), it must be said that, in effect, both schemes are very close to one another. Indeed, the particularly broad conception of the PI's behavioural conditionality also means that it allows one to retain eligibility whether one is seeking for work, in education, in a voluntary activity or in a more traditional job (as long as the portfolio of activities keeps people busy for 'say, a thirty-five-hour week', as Atkinson (2015: 219) recently clarified). As such, '[i]n reality, few people would be excluded' (Atkinson 2015: 221). In principle, then, the PI thus seems to retain many advantages of the UBI: it is socially inclusive, provides a firm economic floor to nearly everyone, except the voluntarily inactive, which can be topped up at will.

The difficulty, however, stems from the administrative complexity of the social participation test, which involves a trilemma, as argued by De Wispelaere and Stirton (2007) and recognised by Atkinson himself (2015: 220-221). The PI scheme must simultaneously be able to (i) remain sufficiently inclusive, (ii) differentiate between those satisfying the requirement and those who do not, (iii) and overcome the challenges associated with the economic and human costs of its administrability. According to De Wispelaere and Stirton, then, the PI will inevitably fail according to one of these three conditions. One possible resolution strategy would consist in making the participation requirement less inclusive to ease the costs of administration, but such a scheme would resemble to the GMI and its problems. A second route consists in considering that the third condition must always give way if it conflicts with the first, producing huge administration costs and poor programme efficiency to guarantee inclusiveness, but it might quickly become economically untenable. A third strategy consists in loosening the requirement of social participation to avoid administrative complexity, thereby transforming the PI into a UBI. As a

result of these challenges, a PI scheme might either create pressure to reinstate more conventional forms of behavioural constraints or prompt further steps towards a genuine UBI. This last scenario explains why, rather than considering it as a true rival, many basic income advocates consider the PI as a ‘second-best’ solution and as way for the UBI to enter ‘through the back door’ (Barry 2001; Goodin 2001; Offe 2001; Van Parijs and Vanderborght 2017).

In sum, the UBI and PI may lead to similar results in terms of economic security and social inclusion, but the UBI appears to be less intrusive, simpler and less costly to administer, providing it with certain advantages. Moreover, the simplicity of the UBI is not negligible if the purpose is to institute an EU-wide instrument of social support. Indeed, given the barriers to positive integration highlighted in chapter one, the PI’s complexity seems less promising as an EU-funded scheme designed to support national systems of social protection.

4.3. *Limits and nuances*

Overall, the discussion showed that the UBI may provide a robust floor of economic security, whether one is in or out of work, in a way that addresses the problems of poverty and social exclusion beyond the sole employment route in a non-stigmatising way. It was also argued that the basic income may have other ‘freeing’ psychological effects and wider positive social outcomes. The conjunction of these expected outcomes seems to provide the UBI with an emancipatory value greater than its monetary value. Some of the competitors of the UBI may also produce similar positive consequences but I showed, by focusing on their main divergences, that the UBI retains significant advantages over them, according to the threefold desiderata set of economic security, social inclusion, and individual emancipation. As such, the comparison revealed why UBI is attractive for many as an instrument of national welfare state reform.

However, I made no claim that the UBI should be adopted anywhere and under any circumstance as there are a series of limits that I did not deal with. Indeed, it must be repeated here again that the effects of the UBI in terms of individual developmental opportunities cannot be isolated from the wider institutional system in which the basic income is introduced, such as the quality and scope of labour market regulation and the level of development of other welfare services and transfers (Haagh 2015). Moreover, I have not addressed questions of sustainability. It is unclear what the net effects of the UBI on labour supply would be: between those who would rely on the UBI to enter employment and those who may use their exit option. Similarly, the behaviour of net contributors

remains uncertain.⁶⁷ Furthermore, I have not addressed the limits to adequacy. I assumed that all schemes were set at subsistence level to compare them on an equal footing and at their ‘full capacity’. But the claims made in reference to a full UBI may not apply to a partial one. For instance, a partial basic income may not fully realise all claimed benefits such as an effective bargaining power and ‘exit option’ on the labour market, decommodifying effects, and a wider span of option choices. Worse even, if it is proposed as a fully substitutive measure (i.e. a partial UBI replacing all social benefits, not only those equivalent to its amount), it may have undesirable externalities as it may force low-skilled people into low-paid and precarious jobs to complete their modest UBI and reach an adequate level of disposable income.⁶⁸ Fourth, opposition to the UBI often stems from adequacy concerns expressed in terms of limits to its affordability: assuming a basic income funded out of income taxation and given welfare states’ financial constraints, it is often argued that the institutionalisation of UBI would face an *impossibility theorem*, according to which a national basic income is either set too low to be socially acceptable or too high to be economically feasible (as expressed by Groot 2004: 116-117).

Nonetheless, these different limits do not play the same role in the assessment of the UBI as a national or as distinctively European policy. Notwithstanding the potential of the UBI as an instrument of national reform, my aim is to examine it at EU level, as a measure of support of national social protection schemes as they currently stand. As such, a socially acceptable level must be appreciated by considering national social benefits in conjunction with the EUBI as a complementary measure, and a partial European-wide UBI supplementing national schemes may still conserve to a certain extent some of the advantages of a full UBI. I outline why a partial UBI would be desirable in the European context in chapter four and come back to the expected positive outcomes of a partial EUBI in chapter five. It is sufficient for now to keep in mind why the UBI makes particular sense to address the various dimensions of poverty and its related social ills identified in chapter one.

5. Conclusion

This chapter has sought to clarify what the UBI is and is not and to assess how it fares in comparison with the conventional type of last-resort safety net that exist in EU countries (GMI)

⁶⁷ Claims made on sustainability grounds refer to the risk of a downward spiral associated with the reduction of the labour supply of net contributors and its negative impact on GDP growth. See Groot (2004: 116-117) and Van Parijs and Vanderborght (2017: ch. 6).

⁶⁸ See e.g. De Wispelaere and Birnbaum (2016) for a discussion on the effectiveness of exit options according to different economic conditions. See Alaluf (2014) on the risks of the UBI to foster precarity on the labour market. In contrast, a partial UBI considered as a *complementary* measure (i.e. an additional pillar to the existing social security in replacement of benefits only up to its amount and completed by conditional schemes to reach adequacy) may provide significant improvement in comparison to the status quo. See e.g. Defeyt (2017) for a proposal of this kind in Belgium.

as well as with other close competitors (NIT, UBC and PI) often suggested as desirable policies for welfare state reform and associated, sometimes too emphatically, with the basic income 'label'. According to the conditionally prescriptive stance adopted, the UBI emerged as a superior solution to its rivals to achieve the goals of economic security and social inclusion in an emancipatory way. To assess its prospects as a response to the various dimensions of the problem of poverty in the EU identified in chapter one, it is now necessary to see how the idea fares with respect to a series of 'tests' that will allow me to show its respective strengths and weaknesses and, from one challenge to the next, assess the prospects of the UBI at European level.

The first challenge draws from the political theory literature and still assumes a national UBI. The attractiveness of the UBI as a policy capable of ensuring a social minimum in an emancipatory way has also been discussed at the level of theories of justice. Among those who developed its ethical justifications, Van Parijs' (1995) real-libertarian theory of 'real freedom' provides the most articulate and tailor-made ethical defense of the UBI. Others have opposed it on the grounds that its unconditionality hits what they hold to be a fundamental requirement of justice, namely the duty to reciprocate through labour participation. Turning to the 'challenge of reciprocity', then, will allow me to spell out how the UBI may be approached from different ethical views of the social rights element of citizenship.

CHAPTER THREE: THE CHALLENGE OF RECIPROCITY

1. Introduction

Up to this point, I argued that the UBI is well placed to achieve a certain set of goals essential to guarantee a minimally decent life. Before envisaging it as a European-wide policy, it is necessary for the proposal to pass a first barrier which has to do with the very nature of the proposal. Notwithstanding its potential benefits, many consider that the UBI is ethically problematic because of its unconditionality, as illustrated by Elster's view: '[the UBI] goes against a widely accepted notion of justice: it is unfair for able-bodied people to live off the labour of others' (Elster 1986: 719). In other words, what I call the 'challenge of reciprocity' stipulates that the UBI is morally objectionable because it violates a notion of fairness grounded in reciprocity: *by cutting the link between the right to a minimum income and labour market participation, the basic income fails to satisfy a principle of reciprocal contribution considered by many as a fundamental requirement of justice.*

I make no claim that this objection exhausts the scope of ethical challenges to the basic income, but I consider it to be strongest normative one as key liberal egalitarian thinkers seem to think that the UBI breaks down if one holds contribution and reciprocity as primary normative values. My central aim in this chapter is thus to show that their objection is not decisive. Rather than arguing that the UBI is required (or even permitted) by a certain conception of justice, I provide an ecumenical defense of the basic income against the objection. In other words, I argue that whether one takes a reciprocity-based or a non-reciprocity-based conception of justice there are good reasons to hold that the challenge of reciprocity does not provide a knock-out argument against the UBI's desirability. Then, insofar as the UBI cannot be ruled out at national level, it is possible to envisage it at EU level.

Before turning to the outline of this chapter, some preliminary remarks are necessary. The reciprocity-based objection to the basic income has been extensively discussed in the last twenty years and the literature offers a wide range of ethical justifications for the UBI (see Widerquist *et al.* 2013 for a review). It is thus fair to question the need to enter that debate again. However, I consider that a dissertation on the UBI cannot simply ignore the challenge posed by reciprocity, as it is considered by many political theorists as 'a fundamental background requirement of justice, that is to say, a requirement that must institutionally constrain the pursuit of any set of social policy objectives' (van der Veen 1998: 141-142). Moreover, reciprocity underpins the moral core of welfare state contractualism, according to which there is 'no benefit without work', and the work ethos that prevails in existent EU welfare states. Therefore, responding to the objection is not only

necessary from a moral point of view, it is also a political imperative since public attitudes towards income support policies are correlated with ideological beliefs (Blekesaune and Quadagno 2003) among which the notion of reciprocity plays a major role (Leon 2012).

With this in mind, this chapter runs as follows. In section two, I present two reciprocity-based conceptions of justice, namely Rawls' 'justice as fairness' and White's 'justice as fair reciprocity', spell out what the duty to work entails in practice and come back to the challenge of reciprocity. The next sections provide reciprocity-based and non-reciprocity-based responses to the challenge at hand. In section three, I present the 'extended' reciprocity answer which holds that reciprocity may be seen in a wider sense either to encompass one's contribution to society's cultural capital, or as a form of self-restraint necessary for gainful exchange in a system of fair cooperation. Considering this answer unsatisfying, I argue that the objection is not decisive from the standpoint of reciprocity-based justice given the 'reciprocity-friendly' effects of the UBI in comparison to work-conditional income support. In section five, I show that under current circumstances enforcing the work-test produces greater injustices than it helps avoiding. Despite its vulnerability to the objection, then, the basic income should be endorsed as a second-best policy. In section six, I argue that there is a tension between self-respect and reciprocity such that if one holds self-respect as a primary normative value and recognises the capacity of the UBI to provide the social bases of self-respect in ways that work-tested schemes cannot, the exigence of reciprocity must be dropped. In section seven, I turn to a positive justification of the UBI which holds that material independence, which is best secured by the basic income, is lexically prior to demands of reciprocity, as argued by republican theorists. In section eight, finally, I look at another positive case for the UBI justifying it as the best way to distribute 'reciprocity-free' resources owed as a matter of entitlements and distinguish between left-libertarian and real-libertarian versions. Section nine concludes.

2. Reciprocity-based justice and the duty to work

Stated in its most general form, reciprocity points to the norm that '[r]eturns are expected: good for good received, hostility for hostility' (Becker 1986: 73). In a literal and mechanical reading, it thus corresponds to a principle of *quid pro quo* return embodied in the popular adage 'an eye for an eye'. In a more sophisticated approach defended by Becker, it is specified as a moral virtue according to which, as individuals, '[w]e ought to be disposed, as a matter of moral obligation, to return good in proportion to the good we receive, and to make reparations for the harm we have done' (Becker 1986: 3). In this sense, reciprocity is a fundamental requirement of moral theory for individuals to develop as rational agents, to preserve a 'capacity for balanced exchanges' (Becker

1986: 133), and ‘to sustain the sort of equilibrium necessary for productive social intercourse’ (Becker 1986: 82).⁶⁹ In other words, reciprocity is an action-guiding principle and reciprocal relations are desirable in all kinds of social interactions.

However, conceptions of reciprocity might differ according to the circumstances in which these social interactions take place. As pointed out by Sangiovanni, ‘[s]pecific conceptions of reciprocity vary by the kinds of social relationships they are intended to regulate’ (2007: 27). For those concerned with social policy, as I am, what matters is a conception of reciprocity that intends to regulate social relationships between all members of a political community. Rather than looking at reciprocity as a personal virtue required by a comprehensive moral theory, it points to reciprocity as a guiding principle for social institutions, that is, derived from a conception of justice.

The core feature of reciprocity-based theories of justice is the assumption that individuals are entitled to a fair share of society’s product only to the extent that they contribute to it. How one specifies this contribution requirement will thus determine the scope and content of distributive justice: who is entitled to social benefits, who is bound by duties of contribution, and what is the size of the share one is entitled according to some metric of justice (Page 2007: 226-227). While there are many ways in which theories of justice give a foundational value to the notion of reciprocity, one reciprocity-based account of justice is of particular relevance in the literature on the universal basic income. It is what Allan Gibbard (1991) has referred to as ‘justice as fair reciprocity’, which suggests that a fair distribution of the social product follows from reciprocity in social production, according to ‘a sense of fair play’. In this sense, reciprocal relationships are a matter of *mutual respect* and the contribution requirement is determined by considerations of *fairness*, such that individuals ought to make similar contributions to the shared social product. Roughly put, the contribution ethic at its heart stipulates that ‘everyone must do her bit’.

2.1. *Justice as fairness*

John Rawls’ theory of ‘justice as fairness’ provides an example of this view (Rawls 1971). According to it, society should be seen as a fair scheme of social cooperation in which fellow citizens should be regarded as free and equal, and treated fairly. The idea of society as a fair system of cooperation is justified because it is a mutually beneficial venture for those taking part in it. Individuals have an ‘identity of interests since social cooperation makes possible a better life for all than any would have if each were to live solely by its own efforts’ (Rawls 1971: 4). The principles of justice, which regulate the way the main social institutions (i.e. the basic structure) ought to shape the prospects

⁶⁹ In Becker’s view, ‘productive’ refers ‘to goal fulfilment in general’, such that a productive life is one that provides a sense of self-esteem (Becker 1986: 83).

of individuals living under a political regime, specify what constitute the fair terms of cooperation and a fair distribution of the benefits produced. Rawls assumes that one's social position can be measured by an index composed of essential primary goods necessary for one to exercise moral powers and pursue one's own conception of the good (Rawls 1971: 92; 2001: 58-59). Under a fair system of cooperation, then, all members of society have an equal claim to the common benefits corporately produced, and any depart from this baseline of equality can only be justified to the extent that an unequal distribution would be to the benefit of the worst-off (i.e. those with the lowest index of all-purpose goods, such as income and wealth), as specified by his difference principle (see introduction, section 6.1.).

Conversely, citizens have corresponding duties of reciprocity to share the burdens of social cooperation. In other words, they are not to gain from the cooperative venture without doing their 'fair share' in return (Rawls 1971: 112). How should this fair share be conceived? According to Rawls, social cooperation is always productive because without it, 'there would be nothing produced and nothing to distribute' (Rawls 2001: 61). Provided that the terms of cooperation are seen as fair, then, this implies that 'all are willing to work' (Rawls 2001: 179). This precision is important for basic income advocates. Rawls' difference principle was criticised for allowing minimum income entitlement to those who are poor (and thus qualify as members of the worst-off group) because they decided to live a life of leisure, such as surfers (Musgrave 1974). Rawls responded by adding leisure in his index of primary goods, considering that it roughly produces a virtual income equivalent to the disposable income generated by the same time spent working (Rawls 1988: 257; Rawls 1993: 181, ft. 9; 2001: 179). Despite the different interpretations that can be made (see *infra*, section 6.2.), Rawls' intention is clear: those who want to claim a share of the social surplus must be willing to work, and those who want a life of idleness 'must somehow support themselves' (Rawls 2001: 179). Against this backdrop, Rawls took a negative stance towards the UBI, even if he never directly mentioned it.

2.2. Justice as fair reciprocity

Stuart White's theory of 'justice as fair reciprocity' provides another example of reciprocity-based justice (White 2003a). It shares Rawls' strong contributionist ethic (among other things) but his own approach, which elevates Elster's intuition against the UBI into a theoretical framework, is particularly useful to spell out the normative justification underlying the reciprocity-based objection to the basic income. The rest of this section thus mostly relies on Whites' conception of justice as fair reciprocity (in short 'fair reciprocity'), which he summarises as follows:

‘(i) Citizens are properly possessed of various social rights; (ii) these rights are instrumental to an ultimate distributive goal that is radically egalitarian; and (iii) where these rights work to secure citizens a sufficiently generous share of the social product, and sufficiently good opportunities, citizens have definite, potentially enforceable obligations to make a productive contribution to the community in return.’ (White 2003a: 17)

For White, fair reciprocity is a fundamental expression of democratic mutual regard: ‘citizens who have democratic mutual regard for each other would, as an expression of their regard for other citizens as their equals, want to share [the costs of the benefits they commonly enjoy] and not offload them onto others’ (White 2003a: 61). In other words, free-riding is morally objectionable because it expresses a lack of respect for fellow citizens, and the duty to reciprocate is there to constitute a valuable relationship, one of mutual recognition as equals. Against this backdrop, fair reciprocity entails a ‘commitment to substantive economic reciprocity’ (White 2003a: 49), which itself demands the mutual provision of a productive contribution (as in Rawls’ theory). In other words, fair reciprocity means fair *economic* reciprocity.

2.2.1. *The reciprocity principle*

Against this backdrop, it is possible to spell out a first version of White’s reciprocity principle: ‘if one willingly enjoys the fruits of one’s fellow citizens’ labours, then, as a matter of justice, one ought to provide some appropriate good or service in return’ (White 2003a: 49). Yet, it remains unclear how ‘doing one’s fair share’ (in Rawls’ view) or ‘providing an appropriate return’ (in White’s view) should be interpreted. To understand, it is useful to come back to Becker’s work. According to him, a reciprocal exchange must be both fitting and proportional (Becker 1986: 106-117). The *fittingness requirement* refers to the commensurability of the good provided in return for a benefit received. For socially produced goods, which one benefits from by way of people’s participation in social institutions, ‘what is fitting is reciprocal participation in those institutions’ (Becker 1986: 114). This stems from the fact that reciprocal exchanges are also meant to sustain institutions; a refusal to participate would undermine the very institutions from which the benefit arose in the first place.⁷⁰ A fitting return for jointly produced goods should thus be defined according to the specific purpose of the institution in which they were produced.

The *proportional requirement* refers to what can be considered as an appropriate quantity for the return. One way consists in equalising the benefits: the recipient must provide a return of the size equivalent to the benefit received (Becker 1986: 111). Another possibility is to equalize the

⁷⁰ Besides his defence of reciprocity as an intrinsically valuable demand of justice, White develops a similar instrumental argument: ‘Where people do in fact have an expectation of substantive economic reciprocity, institutions and policies that violate these expectations will tend to provoke feelings of alienation and resentment. This will in turn weaken the effectiveness and stability of the relevant institutions and policies’ (White 2003a: 74).

sacrifices, or the costs, made: the recipient must make a sacrifice equivalent to the ones made by others with comparable abilities and resources who benefited in a similar way, and it ‘must be perceived by those people as proportionate’ (Becker 1986: 115). According to Becker, ‘cost reciprocity’ should be preferred to ‘benefit reciprocity’, despite being a ‘second-best solution’, since equalising benefits in the case of jointly produced goods (e.g. public health or education) might impose a considerable inequality of sacrifice between parties (Becker 1986: 111-113).⁷¹ It follows, from these two conditions, that a fair share can be understood, in its most general form, as

a fitting and proportional return for the benefits provided by social institutions we want to sustain through reciprocity. It is fitting because it is calculated to fulfil the purpose of reciprocating in the given case (i.e. by determining how much it will cost to sustain the institutions and by raising shares to generate that amount). It is a proportional return in the sense that it represents the same sacrifice other participants are expected to make. It is, in that sense, a mutual but indirect exchange of commensurate benefits. (Becker 1986: 115)⁷²

While Rawls hardly elaborated how ‘each is to do his part’ (Rawls 2001: 179), White follows Becker’s approach when he argues that fair reciprocity demands that ‘people who willingly share in the social product [...] ought to make a return for this in the form of a *relevantly proportional* productive contribution of their own’ (White 2003a: 50, my emphasis).⁷³ Drawing from the distinction between benefit reciprocity and cost reciprocity, two main conceptions of what a ‘relevantly proportional productive contribution’ mean can be identified. ‘Perfect reciprocity’ means strict proportionality (if not strict equivalence) in value⁷⁴ between entitlements to social resources and contributions made to it, while ‘asymmetrical reciprocity’ demands less than perfect reciprocity (Warren 1994). White follows many other egalitarian thinkers and adopts the latter view⁷⁵ such that entitlement to a share of the social surplus demands a productive contribution proportional to one’s productive ability to avoid brute luck inequality, provided that institutions are otherwise just (White 1997: 318-319, 2003a: 49-59). With this in mind, the reciprocity principle can now be restated as follows:

[W]here the institutions governing economic life are otherwise sufficiently just, e.g. in terms of the availability of opportunities for productive participation and the rewards attached to these opportunities, those who claim the generous share of the social product available to them under these institutions have an obligation to make a decent productive contribution, suitably proportioned and fitting to ability and circumstances, to the community in return. (White 2003a: 59)

⁷¹ The terms ‘benefit reciprocity’ and ‘cost reciprocity’ are not used by Becker (1986), they are borrowed from Page (2007: 228).

⁷² By ‘indirect’ Becker simply means ‘through participation in social institutions’ in contrast with a direct exchange between individuals.

⁷³ I take it that by ‘relevantly’ White means ‘fittingly’.

⁷⁴ Note that ‘value’ can be understood in market-based (i.e. competitive prices) or Marxist terms (i.e. a labour-value based on the working time necessary for production). See Warren 1994 for a discussion.

⁷⁵ He calls it ‘baseline reciprocity’ (White 1997: 319) or the ‘fair-dues conception’ of reciprocity (2003a: 49-51).

A decent productive contribution, White specifies, must be understood as a ‘reasonable effort’ to contribute which is partly dependent on the share of the social product one claims and partly on one’s relative capacity to produce benefits in return (White 2003a: 62). Non-reciprocation, then, violates a norm of ‘reasonable mutual advantage’: citizens have, as a matter of dignity, the *right* to expect a reasonable effort on the part of others and a failure to do so amounts to their exploitation (White 2003a: 62). In short, for fair reciprocity, the duty to contribute attached to social rights is the expression of democratic mutual regard.

2.3. *The duty to work*

So far, I have sought to explain how and why reciprocity-based theories of justice, and fair reciprocity in particular, require a mandatory participation in the form of a *productive* contribution, proportionate and fitting to ability and circumstances, as expressed by the reciprocity principle. But what counts as a social obligation to work in practice deserves more attention.

2.3.1. Defining the obligation

By social obligation, I understand an act required (as opposed to merely desirable or permitted) from all members of the community which imposes the obligation (Becker 1980: 35, fn 1). ‘Work’ or ‘labour’ (I use these terms interchangeably) point to a positive effort that is sustained through time (rather than momentary) and designed to accomplish a purpose, that is, to yield a product (Becker 1980: 44). As a social obligation, its purpose needs to be (at least potentially) socially beneficial. A failure to do so would simply fail to satisfy the purpose of reciprocity. In other words, it cannot be self-regarding and must be recognized as valuable by fellow citizens. A ‘productive’ contribution is one that produces socially recognized benefits, which is typically understood in an economically productive sense.

However, it is useful to distinguish between a narrow and a broad view of what counts as socially beneficial work. A *narrow view* is an employment-centred conception of the contributive requirement, which is the kind of productive contribution that is at the core of existing welfare contractualism and only considers an income-producing work to count as socially beneficial. Such paid work is generally said to encompass market-generated employment, self-employment and public-sector employment. Besides, there is also a presumption that some forms of disability exempt people from their obligation to work. Similarly, a person receiving education is temporarily exempted because she is preparing and qualifying herself to fulfil her obligation at a later stage. And those who have contributed in the past and now retired are also relieved of their duty. Overall, the narrow view takes it that the kind of cooperation that produces the social surplus (and thus

justifies redistributing its benefits to participants) means economically productive, directly measurable and taxable forms of labour.

The *broad view* integrates the narrow view of formal labour market participation but considers that it is not the only relevant sort of socially beneficial work: it should be extended to other informal and less measurable forms of participation.⁷⁶ Thus, it also includes unpaid work such as keeping a household, taking care of others incapable of meeting their needs by themselves (e.g. infirm individuals or children) or doing volunteer work.

It is not clear which view is endorsed by Rawls but White defends the broad approach of acceptable forms of ‘civic labour’ (White 2003a: ch. 5). Under fair reciprocity, the elaboration of a ‘basic work expectation’ is a context-specific political practice based on a democratic consensus (White 2003a: 125). Just as the different forms of acceptable labour have to be recognised as socially acceptable, the appropriate quantity of work, such as a socially defined number of hours of work (when suitable), can be set through political deliberation by taking into account the specific criteria such as the community’s level of resources, technological development, and demography. The appropriate level of output of labour should also be specified.

Until now, I have considered the duty to work as a general requirement *for all* sharing in the social product, which means that a mandatory participation should ideally be equally enforced on the idle rich living out of his inheritance and the idle poor benefiting from the state’s assistance. But what about special benefits, that is to say, benefits only available upon request? Under a conception of justice based on fair reciprocity, social benefits should be granted on the basis of a work-test, to avoid the risk of free-riding. The basic work expectation, or reasonable effort, in such a case should be understood as a *disposition* for reciprocation. In the case of income support, the contribution requirement would thus be satisfied (in its narrow form) if the recipient of the benefit demonstrates her *willingness* to make a reciprocal productive contribution by making a conscientious effort to find appropriate employment. Assuming that background conditions are considered sufficiently just (see section 5), then, fair reciprocity supports a work-tested kind of income support consistent with welfare contractualism (White 2003a: 134), with such a contract defined as follows: ‘social rights are one side of a contract between citizen and state on the other side of which stand certain responsibilities: these are centrally related to work, and the citizen must perform them as a condition of enjoying the benefits secured by these rights’ (White 2003a: 12).

⁷⁶ Whether returns on capital count as a productive contribution is a problematic concern as it does not necessarily constitute a productive activity but merely the act of ‘gatekeeping’ a productive asset. White rejects some forms of capitalist income but accepts others. See White (2003a: 118-124) for a discussion.

2.3.2. *A non-perfectionist justification*

The defence of the work-test presented so far must be contrasted with its justification on paternalistic grounds, which are themselves derived from a perfectionist conception of the so-called ‘work ethic’ (Barry 1997) or, in more precise words, ‘the ethics of paid work’ (van der Veen 1991b; Groot 2004: 38). Such a view considers that there is nobility in labour, that work is virtuous for both material and psychological reasons. So as the argument goes, work is valuable in that, besides earnings, it allows the development of skills, provides a sense of self-esteem, social contacts and social recognition, all of which are considered essential for personal development and social participation.⁷⁷ Consequently, non-reciprocation, that is idleness, is a *bad* considered harmful which should be discouraged or even penalized. A paternalistic approach thus justifies the enforcement of the work requirement on the grounds that it would be in the welfare recipients’ best interest.⁷⁸

While these work-related arguments might have instrumental value, the obligation embedded in fair reciprocity is not based on the endorsement of a specific conception of the good life but on the ideas of liberal neutrality (non-perfectionism), mutual regard and fairness. The introduction of a work-test as a condition for granting social benefits relies on a duty to work conceived as an independent demand of justice, from which follows the idea of welfare contractualism. It is thus because the basic income allows one to escape a social obligation that it has been opposed from the standpoint of fair reciprocity, not because it allows one to lead a supposedly unrewarding workless life. Bearing all the above in mind, I can now come back to the challenge of reciprocity.

2.4. *The objection*

It would be incoherent to say that the contributors to society’s enterprise, in generating a social surplus, have – as defenders of a UBI suggest – the obligation to share it with those who have not contributed. What do the latter have to do with it? If we earth people should discover Martians unwilling to trade or collaborate with us, do they nonetheless have a claim too? (Phelps 2001: 55)

Edmund Phelps’ provocative comment expresses well the reciprocity-based objection to the UBI. Let’s recall that the basic income is unconditional, that is, obligation-free. If social justice demands reciprocity, then it seems straightforward to conclude that a distributive programme which grants social resources to all irrespective of any (willingness to make a) productive contribution is incompatible with that view of justice. More specifically, if granted at subsistence level, the UBI offers the opportunity to stop working and remain idle, an ‘exit option’ which allows one to enjoy

⁷⁷ Note that Groot (2004: 39) makes another distinction, which he calls the ‘neutral work ethic’. Such a view does not grant intrinsic value to work but maintains that those who do not work shall bear the consequences. In short, ‘those who shall not work, shall not eat’.

⁷⁸ See also Mead (1992) for a defence of this view.

the benefits of the social product without doing what fair reciprocity considers as a fair share in return.⁷⁹ The UBI produces an injustice as it violates the demand of justice expressed in the reciprocity principle: someone who remains idle takes unfair advantage of those who contribute to the benefits of social cooperation.

This objection has been extensively discussed in the literature under the names of reciprocity, exploitation, the Malibu surfer problem, free-riding and parasitism (Widerquist 2013a: 80). These semantic variations point to various nuances. The reciprocity-based objection refers to the act of receiving a payment without satisfying a basic work expectation in return and exploitation refers to the act of inflicting a burden on fellow citizens by depriving them of their rightful share (White 1997). The UBI is, in this sense, ‘a recipe for the exploitation of the industrious by the lazy’ (Elster 1986: 719). The ‘Malibu surfer problem’ refers to Rawls’ negative stance towards the UBI: those who choose a life of full-time leisure instead of working, such as those who surf all day in Malibu, are not entitled to public resources and must find a way to support themselves (Rawls 1988: 257; 1993: 181, ft. 9; 2001: 179). Those who fail to satisfy sheer reciprocity are free-riders (i.e. they benefit without contributing) while those who have an exploitative behaviour are said to be parasitic to others because they inflict harm on others who have to contribute more in order to support those who remain idle (van Donselaar 2008). Despite these nuances, the various terms employed in the literature point to closely-related ideas which are often treated together. Encompassing both the problems of free-riding and parasitism, the reciprocity challenge to the UBI is grounded on the basic income’s failure to satisfy the reciprocity principle leading to exploitative consequences:

Those who willingly enjoy a decent minimum of the economic benefits of social cooperation without satisfying their [basic] work expectation violate the principle of baseline reciprocity, and thereby take unfair advantage of – i.e. exploit – those citizens who do satisfy this expectation; payment of a substantial UBI is therefore unjust because, by completely detaching the receipt of a decent minimum of the economic benefits of social cooperation from the satisfaction of a [basic] work expectation, it makes possible exploitation of this kind. (White 1997: 320)

According to White’s ‘exploitation objection’ (White 1997, 2006), the violation of sheer reciprocity (i.e. the absence of productive contribution) necessarily implies exploitation of workers: a refusal to cooperate imposes a cost on those who do. It is assumed that at least some revenue composing the UBI will have to come from taxing workers’ earnings. Otherwise put, with a basic income the workers’ after-tax income will necessarily be lower than in its absence. Such exploitation rests

⁷⁹ If a significant number of people stop working, this might also pose a problem of economic affordability and institutional sustainability but my concern here is not with such empirical consequences. It is, instead, with the UBI’s ethical implications. Nevertheless, this concern might be relativised if the UBI is set at sustainable level (see van der Veen 1991b and Van Parijs 1995).

implicitly on the combination of four assumptions: (i) the taxation of other external assets (e.g. through a land tax, a carbon tax, a tax on robot, etc.) does not provide enough revenue to fund, on its own, a basic income; (ii) in the absence of fair reciprocity, workers benefit from the full proceeds of their efforts; (iii) in the absence of redistributive taxation of income, wages perfectly reflect the full value of a worker's efforts and (iv) after-tax earnings in the presence of a basic income programme are less than without it (Widerquist 1999: 394). Each of these assumptions could be challenged (see Widerquist 1999: 394-400 for a discussion) but let's assume that they are valid. From this, it can also be assumed that, in the case of a system of income support based on conditional transfers, workers would be better off, at least in terms of revenue maximisation, in the absence of such system. Recipients of conditional benefits are thus exploiting workers in a similar way, but the very presence of a work-test makes it legitimate. I take it from this that there is exploitation only to the extent that there is a violation of the reciprocity principle: exploitation is illegitimate *because* it is a consequence of non-reciprocation. Any response to the objection must thus primarily be concerned with the absence of a reciprocal contribution as this is where the injustice primarily lies, according to fair reciprocity.

How can it be fair then to provide 'something for nothing'? In the next sections, I present a first potential but unsatisfying answer to the objection before arguing that those for whom reciprocity is a requirement of justice have good reasons to consider the UBI favourably as a 'second-best' solution to work-conditional income support. Then, I turn to alternative conceptions of justice according to which the reciprocity-based objection is not even valid because the UBI amounts to a redistribution of reciprocity-free external assets and thus qualifies as a 'first-best' income support policy.

3. The answer of 'extended' reciprocity

One way to argue that the reciprocity-based objection is not decisive consists in claiming that the obligation to contribute should be wider in scope than what the broad version accepts. Drawing from McKinnon (2003: 153-154), I refer to this conception as the 'extended' view of reciprocity, of which two different versions, a basic and a subtle one, can be distinguished.

3.1. The basic version

The basic version responds to the reciprocity objection by considering that the Malibu surfers satisfy their social obligation in virtue of their contribution to society's cultural capital by sustaining a sports' sub-culture (McKinnon 2003: 153). Yet, the argument seems to face important limits in terms of what counts as a contribution to society's cultural capital. What is the cultural capital

preserved and promoted by the PlayStation addict, for example? If the duty to contribute is understood as the production of an effort that is necessarily socially beneficial, it seems very ambitious (if not totally far-fetched) to stretch the notion of reciprocity to that extent. While the broad perspective of the contributive requirement values forms of labour that are unpaid but economically productive and valuable to others, the basic version of extended reciprocity values hobbies that might be considered as self-regarding. From the point of view of fair reciprocity, this answer seems far too weak to satisfy the reciprocity principle and counter the objection.

3.2. *The subtle version*

The subtle version of extended reciprocity considers that the notion of activity-based reciprocity should be substituted for the notion of 'gainful exchange for reciprocity' (Jordan 1998: 64). According to this view, besides making a contribution for the sake of collective production and consumption, there is another side to reciprocity and cooperation, understood as restraint of competition. For example, under scarce job opportunities, the efficiency wages enjoyed by those on the labour market, the insiders, are protected only to the extent that unemployed people, the outsiders, refrain from offering their workforce for a lower salary because they believe that they might find better jobs at a later stage (Jordan 1988: 71). Typically, an unemployment insurance scheme restrains competition and safeguards minimum wages and good labour conditions. In this sense, by refraining to engage in competition with fellow members on the job market, the Malibu surfer or the PlayStation addict relieves them from downward pressure on wages.

A gainful exchange for reciprocity thus includes both active and passive forms of contribution: '[r]eciprocity demands participation, involvement, activity and inclusion, if not in the formal labour market then at least in socially useful work of some kind. Restraint demands that this should not undermine the remaining institutional protections that uphold the living standards of insiders' (Jordan 1988: 77). The subtle version encompasses a broad conception of the contributive requirement underlying the reciprocity principle, completed by what could be termed 'reciprocity as restraint'. If active contribution and restraint on rivalry are two sides of the same coin, both necessary to uphold a fair system of cooperation, then, according to this view, the basic income would not violate reciprocity, since it would be considered partly as a reward for activity-based reciprocity and partly as a pay-off for reciprocity as restraint.

However, this answer to the reciprocity objection is unsatisfactory for two reasons. First, it is unclear how the UBI will actually constitute a fair form of restraint. By removing the poverty trap, it is in fact removing the reservation wage that protects salaries on the labour market (see also fn 60, p. 97). Moreover, if not set at a level considered high enough to cover basic needs, the UBI

might actually increase competitive pressures at the lower end of the market. It seems that only a substantially high UBI set above the poverty line accompanied by a high labour tax rate might refrain competitive pressures and force employers to improve job pay and labour conditions. The UBI's satisfaction of some extended notion of reciprocity is thus highly dependent on the capacity of a set of policies to produce the desirable outcomes for restraint to count as a valid form of contribution.

Second, a reciprocal contribution must be fitting and proportional, and civic labour (in its narrow or broad conception) does not include self-restraint because, by definition, it demands a *positive* effort to accomplish a purpose and to yield a product. If reciprocity as restraint might be sufficient for a conception of justice based on gainful exchange, it is not for fair reciprocity, which demands active participation. As McKinnon (2003: 154) puts it, 'the claim that those who do nothing, while others are active, are contributing – furthermore, contributing in a way that generates entitlements – stretches credibility'. Overall, these two versions of extended reciprocity are unsatisfying answers to the reciprocity objection, at least from the standpoint of fair reciprocity. I now turn to a more promising answer.

4. The reciprocity-friendly answer

If fair reciprocity is about ensuring that everyone contributes to the social product, another way to defend the UBI against the objection consists in claiming it would achieve this objective better than via the enforcement of a work-test. In this answer, I take an 'all-things considered' approach in the sense that the UBI's moral cost and moral gains are placed on an equal footing: the UBI does violate reciprocity and thus produces an injustice, but its unfairness is outweighed by the goodies it produces. In other words, the UBI is vulnerable to the objection as it allows some to free-ride, but thanks to its effects, the UBI would be a superior solution compared to work-conditional schemes to support the demands of the work ethos at the heart of fair reciprocity.

4.1. Work-incentives

In the case of a partial basic income, two main situations can be distinguished. If it is introduced as a substitutive policy, it has a strong incentive for work – and is thus reciprocity-friendly – but that may be at a significant moral price if it results, for instance, in more market vulnerability for low-skilled workers (see chapter 2, section 4.3, esp. fn 68). In the case of a complementary partial basic income, the policy is added to existing welfare state conditional schemes. Despite not being adequate by itself, in this case the UBI would either be completed by income from work or by conditional social assistance top-ups such that, either way, it would demand some form of

contribution: actual productive contribution in the former case and disposition of reciprocity through employment search in the latter. As such a partial basic income is obviously a reciprocity-friendly policy.

A full UBI may also go some way in meeting the demands of fair reciprocity, despite the possibility of an exit option and its associated moral cost, through a series of reciprocity-friendly effects, that traditional work-conditional forms of income support do not have. Drawing on arguments mentioned in chapter two, it may have a ‘work-incentive effect’. Thanks to the removal of the unemployment trap, the UBI may enlarge the scope of work opportunities, in particular for less-skilled people and members of the precariat. As such, it supports an actual contribution (rather than a disposition to reciprocate) more effectively than conditional schemes, through a rewarding rather than sanctioning approach, as recognised by White himself in later writings (2006: 7). Moreover, by offering a stable and regular income flow it would facilitate self-employment and new forms of work in the so-called ‘autonomous sphere’ (Ferry 1995), and by providing incentives for working-time reduction, it would also redistribute employment opportunities from labour market insiders to outsiders (Van Parijs and Vanderborght 2017: 48-50). In addition, the UBI may have a ‘social wage effect’, as its economic security would allow one to improve qualifications, engage in community work or in care work.

To make a case for a reciprocity-friendly UBI, the positive effects must outweigh the risk of exit. Whilst the net effect of the UBI on employment participation remains uncertain, the risk of exit may only concern a tiny minority: despite limits to their generalisability, basic income-like experiments showed that absence of work-conditionality had a limited impact on labour, revealing a minor reduction in employment levels and working hours, and it is likely that these results were overestimated given problems of misreportings (Burtless 1986; Robins 1985; Ashenfelter and Plant 1990).⁸⁰ The income effect (i.e. the supplement of income inducing a reduction in work effort) and the substitution effect (i.e. the substitution of work for leisure because work becomes less lucrative) were both very modest (Hum and Simpson 1993). On the whole, few adverse effects were found and when there was a negative work response, it was often to engage in the kind of activities that would support the broad view of civic labour (such as education or care work), because it reinforces the UBI’s ‘social wage effect’.

⁸⁰ These experiments are necessarily limited in the information they provide for any generalisation at national (or supranational) level: they are time-constrained, may have problems of sample representativity, do not involve net contributors, take place at local rather than national level and typically involve a NIT. In these circumstances, it is difficult to measure economy-wide effects and overall behavioural change. Yet, in terms of work-inconditionality, NIT and UBI are sufficiently similar for experimental purposes, and experiments can reassure in one major respect: so far, no mad rush for idleness.

4.2. Intra-household reciprocity

Thirdly, another often neglected reciprocity-friendly dimension should be taken into consideration. The UBI may have an ‘empowerment effect’ in intra-household reciprocity by restoring balance in gender-related division of labour as men often fail to do their fair share in the domestic work and live off women’s labour (Pateman 2004). The UBI would thus shed light on an overlooked aspect of the problem of reciprocity which typically considers remunerated labour (i.e. a narrow view), by expanding it to the widespread non-remunerated sphere of labour that is mostly undertaken by women: domestic labour and voluntary work (i.e. broad view) to reveal the free-riding of men. By providing women with the means to escape financial dependence upon men, the UBI would thus reduce this domestic exploitative situation. Again, this must be nuanced as there are strong concerns that the UBI may actually reinforce the gender bias at home by simply providing them with a ‘housewife wage’ (Orloff 1990; Robeyns 2000, 2001). It is unclear whether the UBI would have a net positive effect on women unless it is accompanied by other measures meant at liberating women from gender role expectations (Robeyns 2001: 103), but the feminist case for the UBI is broader than intra-household reciprocity (see in section 7.4.).

Overall, despite these nuances, there are solid arguments to consider that the UBI’s positive effects on contribution would (arguably) offset the moral cost of making non-reciprocation possible and be a more reciprocity-friendly policy than work-conditional schemes. This case for the UBI against the objection is even stronger if one holds a broad view of civic labour. According to this concessionary view, thus, the UBI may be seen as a second-best policy.

5. The circumstantial answer

Just like the reciprocity-friendly one, the circumstantial answer concedes that the UBI is vulnerable to the challenge of reciprocity. However, in this case, the objection is not decisive because, under current circumstances, the enforcement of a work-test would create more harm than good such that the moral gains produced by the UBI are *lexically prior* to the obligation of reciprocity. In other words, the background injustice that prevails in real-life economic circumstances demands that the work-test be dropped, and the UBI adopted as a second-best policy. As Barry (2001: 66) puts it: ‘[f]rom this point of view, the Malibu surfers are a drawback, but one worth putting up with the advantages that are inseparable from the unconditionality of a basic income’.

5.1. A fair work-test in real-life circumstances?

Let’s recall that, under the reciprocity principle, demands of reciprocity can be made insofar as institutions are otherwise sufficiently just. According to White, a society can enforce the obligation

to work once it has abolished ‘the proletarian condition’ such that workers are relieved from the constraint of selling their labour-power under conditions of market vulnerability and they are free to commit to an ethos of democratic mutual regard, because institutions satisfy a number of core requirements that ensure fair background economic conditions (White 2003a: 86-94). In other words, making income support conditional on (the willingness to) work is itself conditional on the fairness of the wider economic system. A fair work-test can only be enforced to the extent that the institutions guarantee (i) that citizens satisfying the obligation to work receive a share of the social product that is sufficient to escape brute luck poverty (*income adequacy*), (ii) that they have adequate opportunities to work (*participation adequacy*), (iii) that different forms of contribution be equitably valued as required by the broad conception of the social obligation (*participation equity*), and finally, (iv) that the obligation apply equally to all (*contribution equity*) (White 2003a: 134-135).

In reality, as was shown in chapter one, existing income support systems generally fall short of being adequate, most people do not have a real opportunity for self-realisation in work, and the enforcement of the work-test rests on a narrow conception of what counts as a socially recognized contribution. As for the contributive obligation, it only applies to those claiming social benefits. Enforcing the work-test in unjust background conditions may thus further exacerbate injustices by reducing the workers’ bargaining power, obliging them to accept inadequate income or inappropriate forms of employment, induce loss of dignity or additional stress in order to retain eligibility, etc.

White’s own evolution on the matter reveals two different possible responses (White 2003a, 2017). The first view considers that society must advance towards the conditions necessary for a fair work-test by introducing the policies and institutions that are lacking to satisfy the requirements of fair reciprocity. Such a reform programme will inevitably be ambitious in both size and content as it implies reforming the education system, the labour market, the system of wealth redistribution, etc. to establish the kind of multi-dimensional civic minimum demanded by fair reciprocity (White 2003a: ch. 9). While these reforms are undoubtedly necessary, there is a very significant political risk that a long list of policy prescriptions designed to establish a just conditionality might never see the light. Worse even, the current context of austerity is likely to make it even more difficult to meet the requirements of fair reciprocity.

The second view thus assumes that unjust conditions are likely to remain in the foreseeable future such that unfair conditionality might exacerbate the problems the very first option tries to address in parallel (White 2017). Consequently, moving away from conditionality might be a preferable solution. Instead of keeping an unfair work-test and trying to reduce the injustice of background

conditions in parallel, the work-test should be dropped in order to allow for the improvement of background circumstances. According to this perspective, the introduction of a full UBI (or even a partial one) would significantly reduce the harmful consequences of unjust conditionality.

Yet, for this argument to hold, three conditions must be met. First, it must be shown that the introduction of a UBI is more politically likely than instituting the full conditions of fair reciprocity. The current dominant policy line of welfare retrenchment and the strengthening of activation policies seems unfavourable to both scenarios. However, given the scope of the package of demands necessary for demands of fair reciprocity to apply, and for the sake of pursuing the normative argument, I assume that dropping the work-test and introducing a UBI is a more likely possibility. Again, this does not mean that the UBI cannot be part of such a necessary progressive package, but it rests on the assumption that making income support unconditional is a matter of urgency under real-life constraints. Second, it must also be shown that, on balance, the UBI would avoid greater injustices than it would generate, and third, that there is no alternative policy capable of producing similar moral gains to the UBI while avoiding the moral cost of free-riding. I evaluate these two dimensions in turn.

5.1. The moral gains of economic security

Besides the moral gains of the UBI as a reciprocity-friendly policy, the UBI may produce other effects, desirable from the standpoint of fair reciprocity, that would, on balance, offset its moral cost. In other words, it might prevent greater injustices, by removing asymmetries of power that cause unfair bonds of dependence between individuals.

In specifying the background conditions of justice, fair reciprocity demands that a society ensures, *inter alia*, adequate protection against market vulnerability and exploitation, that is to say, market security, and a real opportunity for self-fulfilling work throughout their lives, or self-realisation (White 2003a: 90). As was shown in chapter one, the various forms of economic insecurities that characterise the precariat show that under current circumstances these demands are not met. In chapter two, I argued that the UBI embodies a form of economic security that provides additional bargaining power on the labour market, in particular for less-endowed individuals, and opens up new possibilities for self-realisation thanks to its double unconditionality (absence of means-test and absence of work-conditionality), allowing one to say ‘yes’ to a self-rewarding activity and ‘no’ to bad working conditions.

I come back to these arguments relating to one’s independence later (section 7) but for now it is sufficient to show that demands of fair reciprocity may be seen in light of a trade-off (White 2006a:

5). On the one hand we have a society which enforces the work-test (no violation of reciprocity) but does not ensure adequate protection against market vulnerability and exploitation nor the capacity for self-realisation. On the other hand, we have a society with the UBI which allows a violation of reciprocity (but may be more reciprocity-friendly overall) and which reduces the unfairness of market vulnerability and lack of self-fulfilling opportunities. On these grounds, it seems clear that the second option – a society with the UBI – avoids injustices that are greater than those it creates. In short, its moral gains offset its moral costs.

5.2. *Basic income or participation income?*

Yet, for the circumstantial answer to the objection to hold, it must be shown that the UBI should be preferred to another policy instrument capable of providing equivalent benefits at an inferior moral cost, that is, without violating the obligation of reciprocation. One proposal in particular stands out as a more attractive solution: the participation income (PI).⁸¹ As was already explained in chapter two, the PI would have similar benefits to the UBI while embracing a broad conception of mandatory participation. In practice, then, only those choosing a life of self-indulgence, such as the Malibu surfer or the PlayStation addict, would be ruled out. Because it does not provide an exit option for all able-bodied people, it is not vulnerable to the reciprocity objection, at least to the extent that the contribution requirement is understood in its broad form, as is the case in White's conception of reciprocity-based justice. In other words, the participation condition would be 'intrinsically justified' as it 'conveys a positive message about 'reciprocity'' (Atkinson 2015: 221). In short, the PI provides broadly equal advantages at a lower moral cost.

However, as shown in chapter two, the PI involves important administrative difficulties. But whilst I emphasised the superiority of the UBI mostly in terms of effectiveness to tackle poverty, these administrative hurdles have a moral side as well. Indeed, enforcing the participation-test implies an assessment of the nature and quantity of activities considered as 'socially useful', as well as a continuous monitoring of beneficiaries, which could become very intrusive. For example, it would risk corrupting the basis of volunteering by obliging associations to control their volunteers' attendance and work hours, while assessing whether one is self-employed or doing care work would demand an incredible level of intrusiveness in the domestic sphere (Van Parijs and Vanderborght 2017: 213). It is unclear whether the PI would score higher than the UBI in terms of reciprocity-friendly outcomes and opportunities for self-realisation. To these uncertainties, one must add the

⁸¹ Another possibility would be to have a 'hybrid' model. For example, a two-tier income support system would be composed of a more conventional work-tested or participation-tested tier and a time-limited unconditional basic income allowing one to draw out of the duty to contribute for a certain amount of time (e.g. 1, 3 or 5 years). (See White 2003a: 170-175, 2003b: 86-93).

risk of misclassification, the legal challenges and grey areas associated with the participation income that would induce a high level of intrusiveness, a costly and complex bureaucracy that may overshadow existing work-conditional apparatus. In these conditions, the ‘pragmatic’ argument made in chapter two points to the following choice: a return to the previous narrowly-defined work-test or a loosening of the participation condition to move towards a UBI.⁸² Since a return to conditionality is unappealing given the injustice of the real-world economy, it seems fair to conclude that the UBI would provide an appealing option, despite its risk of free-riding. If these arguments hold, then, according to the circumstantial answer, the objection is, again, valid but not decisive.

6. The self-respect answer

The self-respect answer is also a concessionary view based on an argument of lexical priority. In this case, I show that there is a tension between two commitments of reciprocity-based justice, namely self-respect and reciprocity. If one accepts that the UBI favours self-respect in ways that conditional benefits cannot, then those who consider self-respect as a requirement of justice of primary value have to relax their exigence of reciprocity.

6.1. *The social bases of self-respect*

To develop this argument it is useful to rely primarily on the Rawlsian account of reciprocity-based justice and his ‘social bases of self-respect’ which are part of his index of primary goods (i.e. his interpretation of what the difference principle must maximin) (Rawls 1971: 92, 2001: 58-59).⁸³ Rawls claims that self-respect, which he defines as the sense one has of its own worth, is ‘perhaps the most important primary good’ (Rawls 1971: 440). The social bases of self-respect, then, are these aspects social institutions provide as opportunities for self-respect. As such, ‘[w]hen assessing social and political conditions as social bases of self-respect, we need to think about how they might assist or hinder people in the search for success according to their personal standards of excellence’ (McKinnon 2003: 147). In order to do this, one must consider both how resources serve as means for self-respect and according to which pattern of distribution they are distributed.

More than just money, the UBI offers ‘access to other less tangible goods necessary for self-respect that cannot be distributed to persons directly’ (McKinnon 2006: 2). These can be regrouped under three main kinds of benefits: (i) *freedom benefits*: the UBI grants individuals an effective capacity to

⁸² There may be a third possibility: in return for the UBI, one would have to perform some kind of community service. André Gorz proposed such a system but then changed his mind in favour of an unconditional basic income. In his mind, if the UBI is given as a counterpart for some activity of public interest, it would commodify a good that should remain in the sphere of uncommodified goods and made accessible to all on a voluntary basis (Gorz 1997: 144).

⁸³ Note also that White derives his own view of ‘self-esteem’ on Rawls’ view of self-respect (White 2003a: 60-61).

choose quality work; (ii) *leisure-quantity benefits*: the UBI makes a greater quantity of leisure time available, which is recognized as being essential for one's self-worth as it makes associational life possible; (iii) *leisure-quality benefits*: the UBI makes it possible to bear the costs of such associational life (McKinnon 2003: 148).

Moreover, if justice does not only require that everyone receives its fair share of the resources collectively produced but also that this distribution of wealth is done without stigmatising or humiliating people in need, then, according to Blais (1999), this requirement provides a strong argument in favour of universal and unconditional transfers, as these treat everyone with equal respect as opposed to selective and conditional measures. Conditional transfers have systems of classifications of their recipients which can be associated with social markers of inferior status and produce problems of stigmatisation, as argued in chapter one and two. By contrast, with a UBI, those who are in need do not have to assert their right by proving they are a class apart. The basic income thus satisfies the exigence of subsistence of the worst-off while also promoting their opportunities for self-respect, in ways conditional welfare cannot, that is without causing trade-off between these two objectives (McKinnon 2003: 148-153; Birnbaum 2012: 51-52). In short, if one values the satisfaction of both economic security and self-respect for the least advantaged in society, then the exigence of reciprocity should be relaxed in favour of the UBI.

Following McKinnon (2003: 156), then, those who hold that reciprocity plays a central role in justice but recognize the strength of self-respect-based arguments for the UBI must acknowledge that there is a tension between these two values. If, as Rawls, they consider that the social bases of self-respect are of paramount importance, then they must relax the exigence of reciprocity in favour of the UBI. It must nevertheless be noted that this conclusion is valid only to the extent that conditional benefits cannot be granted in such a way that it does not damage the social bases of self-respect for the least advantaged or that the UBI would not develop another kind of stigma associated with the development of a two-tier society, for instance between those who work and those live off their UBI.

6.2. *A leisure bias?*

A purely unconditional transfer may still pose a problem of perfectionistic bias in favour of 'the lazy', that is, an individual with a preference for leisure. Indeed, in the absence of leisure in Rawls' index of primary goods, the difference principle seems to imply that people without income are among the least privileged and hence entitled to an income as high as sustainable (Musgrave 1974). To avoid justifying subsidising the surfers of Malibu with public resources, Rawls integrated leisure in his index by defining it as 'twenty-four hours less a standard working day [such that those] who

are unwilling to work would have a standard working day of extra leisure, and this extra leisure itself would be stipulated as equivalent to the index of primary goods of the least advantaged' (Rawls 1988: 257).

From this, it seems that the Malibu surfers are no longer able to live off public funds since those who choose a life of full-time leisure can no longer be considered among the least advantaged. However, it can be argued that Rawls produces the opposite bias, in favour of 'the crazy', those with a preference for a higher income through more work (Van Parijs 1995: 90).⁸⁴ Considering that it is the *average* value of the index achieved by the worst-off *throughout their life* that concerns the difference principle, any interpretation of this principle will depend on the relative weights ascribed, *inter alia*, to income and leisure (Van Parijs 2009: 6). Adding leisure to his index of primary goods has actually made Rawls' theory more sympathetic to the UBI, according to Van Parijs: 'once the leisure enjoyed over their lifetimes by the incumbents of a social position no longer counts for nothing, surfers will have a higher rather than a lower chance of being justly fed according to Rawls' Difference Principle' (Van Parijs 2009: 6). If this is true, then my conclusion still holds: the UBI remains vulnerable to the objection of reciprocity but there are other justice-based arguments, grounded in self-respect, which make it a desirable policy from the standpoint of fair reciprocity, at least for those who hold that self-respect should be prior to the enforcement of the work-test.

7. The independence answer

In this section and the next I turn to two positive justifications of the UBI that consider that reciprocity plays a role only to the extent that other conditions are met or no role whatsoever. I start with the independence answer, which offers another lexically prior-kind of defence against the objection: demands of reciprocity, on this account, can only be enforced provided that each is guaranteed the means for material independence, which is best provided by the UBI. This time, thus, the UBI is defended as a 'first best' solution: it is seen as the best way to ensure an economic floor necessary for individual freedom and full citizenship. In other words, securing the means for economic security is a necessary condition for civic contribution. According to this view, then, the social rights element of citizenship must be unconditional, in a similar way to civic and political citizenship.

⁸⁴ This also poses a problem for all those who hold that moving towards a post-productivist society (in the sense of moving beyond a work-based society and towards one that values unpaid activities and leisure time over formal employment thanks to increased productivity gains) is desirable either because work should not be a central pillar of society (Offe 1992; Gorz 1997) or for ecological concerns (Fitzpatrick 1999: ch. 9).

7.1. *Republican freedom*

The priority of material independence over duties of reciprocity is well expressed by Casassas (2007: 4) when he asks: '[c]an individuals be asked to deploy some kind of contributionist ethos without granting them an unalienable and politically secured social position that gives them material independence and, therefore, effective freedom of choice – as full citizens?' This point is typically made by those defending the basic income from within the so-called republican tradition of theories of justice (Pettit 2007; Pateman 2004; Raventós 2007; Casassas 2007; Casassas and De Wispelaere 2016) as laid out, among others, by Pettit (1997). Broadly conceived, republicans understand freedom as the capacity to do what one wishes without being vulnerable to external interference. In other words, freedom is construed as the absence of alien control or domination.

One's set of opportunities to be effectively free, then, is delimited by the material property that enables one to control these opportunities and escape the 'unreasoned control' that others might exercise (Pettit 2007: 4). The guarantee of *freedom as non-domination* thus requires, among other things, that one enjoys 'durable control over a set of material resources or assets that leverages one's freedom in economic exchanges by effectively securing a bargaining power from other agents' (Casassas and De Wispelaere 2016: 286). Without an economic floor, 'asset poverty' amounts to a direct reduction of freedom because it effectively limits the scope of actions that an individual may perform without the permission of others (Dowding *et al.* 2003a: 12).

7.2. *Universal property and civic possibilities*

Securing independence in priority is thus both a matter of private interest and collective self-determination, for one to be able to exert 'self-government' and enjoy 'full citizenship'. As noted by Pateman (2004: 91), '[s]elf-government requires that individuals both go about their lives within democratic authority structures that enhance their autonomy, and that they have the standing, and are able (have the opportunities and means), to enjoy and safeguard their freedom'. Full citizenship, then, means that 'political freedom and the exercise of citizenship are incompatible with the relations of domination by which proprietors and the rich exert dominium over people who are not completely free and who are subject to all sorts of interference, whether in the sphere of domestic life or in the juridical relations pertaining to the civil sphere, for example work contracts or the buying and selling of material good' (Raventós 2007: 64). In other words, the provision of a firm material basis is necessary to make political participation and democratic rights effective.

In this sense, providing economic independence does not mean independence from socio-economic relations. Rather, it is about providing a basic equal standing to enter such relations.

‘Basic [independence] can plausibly be regarded as one of the key requirements of a wider and more fundamental idea of equality of status, addressing all the conditions necessary to place people in a position from which they can interact as social and political equals’ (Birnbaum 2012: 49). Against this backdrop, the basic income is defended as a way to ‘universalise property’ (Raventós 2007: 69) which helps expand personal and civic possibilities, in particular for most vulnerable individuals, whilst ensuring equality of citizens as a matter of right, not privilege:

A universal right would mean that those who rely on the basic income – distinct from the independently wealthy – will not have to assert their right on the grounds of being a class apart: people who depend on others’ goodwill and are easier targets of control and domination. And a universal right symbolizes the fundamental equality of all in relation to the collective provisions of government; only some will depend on the basic income that all receive, but all can see that the income is there to depend on, should they themselves fall on hard times. (Pettit 2007: 5-6)

7.3. *Independence on the labour market*

The absence of work-test is also justified because republicans tend to place individuals’ interests to be part of civil society in relation to a wider framework of class analysis: ‘the differential ownership relations of a variety of economic assets entail a world marked by significant social division, typically one that divides itself along something akin to class lines’ (Casassas and De Wispelaere 2016: 286). From such a perspective, the UBI is defended for its capacity to foster meaningful contributions rather than exploitative or alienating ones, along the lines of the socialist tradition. For Wright (2004, 2006) for instance, a full UBI would support three central socialist challenges to the capitalist labour market.⁸⁵ First, it would strengthen the power of labour relative to capital. Class imbalance would be reduced thanks to a greater bargaining position of workers at individual level while, at collective level, the UBI would work as a ‘strike fund’ providing labour unions with additional means to organise struggle for better working conditions.⁸⁶ Second, a basic income would go in the sense of a decommodification of labour by ensuring the means for subsistence outside the market. Third, the UBI would provide the means to enlarge and strengthen social economy as an alternative way of organising production, such as cooperatives which are not subject to the logic of profit-maximisation and labour-capital relation. The combination of these three effects is said to reduce exploitation and alienation since the dependence to capitalist employers is reduced and the power over one’s own activities and the fruits of production raised. Of course, the effectiveness of the UBI to actually reduce exploitation and alienation depends on its level, on the worth of the UBI as part of a wider republican package of policies and on the strength of labour unions (Birnbaum and

⁸⁵ See also Barry (1997) for a similar Marxist argument and van der Veen and Van Parijs (1986) for a communist defense of the UBI.

⁸⁶ For a discussion of this argument, see Birnbaum and De Wispelaere (2016).

De Wispelaere 2016). But the important point here is that restoring the balance of power on the labour market is prior to the demands of reciprocity as these require people to be equally free to enter the kind of social relationships demanded by the contributionist ethos.

7.4. *Independence of women*

Finally, some republicans defend the UBI's unconditionality from a feminist perspective. The UBI might advance the independence of women, who are often among the most vulnerable groups, facing unequal prospects on the labour market as well as intra-household positions of material dependence. First, the UBI is better able to adapt to the changing realities in terms of types of cohabitation, especially with respect to the rising number of single-parent families headed by women (Raventós 2007: 70). Second, as already hinted at in section 4.2., the economic situation of women dependent on their partner would improve greatly, especially for those in the most precarious situations. The UBI being granted on an individual basis, contrary to existing means-tested forms of social benefits which are calculated for the household as a whole and often given to the (male) head of the family, women would be able to access and control their own income. Third, as already noted, the UBI would provide an additional intra-household bargaining power which might modify possible relations of subordination between sexes by breaking 'the long-standing link between income and employment and end the mutual reinforcement of the institutions of marriage, employment and citizenship' (Pateman 2004: 90). Again, as already noted, feminist critics of the basic income doubt that it would result in actual independence of women on its own. Wider cultural and social patterns producing gender role divisions and gender hierarchies are not addressed (Robeyns 2001). Republicans do not deny that – freedom as non-domination also demands republican legal, political and other economic institutions (e.g. in the form of services in kind as well) – but the UBI is seen as part of the solution to provide the means necessary (but not necessarily sufficient) for women to reduce dependence on the labour market and in the private sphere in order to allow them to contribute on an equal standing.

For all the reasons mentioned above, according to the independence answer, the UBI constitutes the necessary starting point to ensure everyone the effective capacity to uphold its civic duty of contribution, as summed up by Casassas:

[The UBI's] implementation should not be seen as a threat to the stability of the republican polity but as the *starting point* for its constitution and for individuals' civic commitment to its reproduction. Having spare time available for political participation and higher degrees of protection against possible threats coming from other parties, together with the awareness of the beneficial effects [the basic income] has in enhancing material independence and individual freedom, would support the kind of civic commitment that is needed from individuals to sustain such a republican regime. (Casassas 2007: 4, my emphasis).

8. The entitlement answer

The entitlement answer provides another positive justification of the UBI but in this case, it is not merely permitted but required by justice. The basic income is defended on the grounds that certain kinds of ‘external assets’ which constitute a ‘reciprocity-free’ category of wealth ought to be distributed more or less equally to all members of society. According to this view, then, there can be no free-riding since the UBI amounts to the distribution of pre-institutional or pre-cooperative entitlements rather than a redistribution of the proceeds of fellow citizens’ labour contributions.

The entitlement answer can be divided into two main versions, a left-libertarian and a real-libertarian. The left-libertarian version is founded in the so-called historical-entitlement tradition of theories of justice which holds that certain natural rights pre-exist and constrain social institutions, that a just distribution depends on how that distribution came about, and more specifically whether it is the result of what qualifies as just transfers of property rights, rather than on a specific pattern (such as Rawls’ maximin principle). The real-libertarian version is more sophisticated in that it tries to reconcile entitlement-based and patterned approaches by applying Rawlsian principles of resource allocation to the distribution of these entitlements. Both versions defend the UBI as a requirement of justice, such that their justification lies outside the norms of reciprocity, at least until entitlements are secured (for real-libertarians). In both cases, each member of society ought to be granted its individual share of the justice-relevant and commonly owned assets in the form of a universal and unconditional income payment. However, on a left-libertarian account, the distribution of entitlements in the form of a UBI is grounded on some notion of rectificatory justice, while a real-libertarian conception considers a much broader scope of assets that are up for distribution by social institutions, in order to ensure a fair distribution of real opportunities, not because of some pre-institutional constraint.

8.1. *Libertarian historical-entitlements*

To understand how left-libertarians defend the UBI, it is useful to provide some background on the historical-entitlement tradition of libertarian theories of justice (Nozick 1974; Kymlicka 1990: ch. 3; Vallentyne *et al.* 2005). Libertarians hold that a society is just if it secures individuals the inalienable property rights to which they are entitled. In short, a just distribution is one that is the result of voluntary transactions and one that respects the right to hold property acquired on legitimate grounds. Justice is about respecting people’s right to self-ownership (i.e. the right to dispose of their own person as they wish) as well as to the full proceeds of their labour. In broad terms, then, there is no risk of violation of the reciprocity principle on a libertarian account because no redistribution of the proceeds of labour would arise in the first place or because the resources

considered exist independently of anyone's labour efforts. These are typically natural resources, considered as things with no moral standing and which have not been improved. They include land, seas, air, as well as the resources beneath the earth's surface, such as oil, minerals or precious metals, or those in the atmosphere. Most forms of libertarianism consider that these should be shared fairly according to some condition on appropriation and subsequent ownership (except for the most radical ones invoking a 'first come, first served' basis as a legitimate form of appropriation). In other words, a just distribution is yielded by voluntary transactions 'only if they operate from a set of legitimate initial endowments [which] must ultimately originate in (initially unowned) nature' (Van Parijs 1992a: 9).

A libertarian case for the UBI must thus be grounded in rules governing the appropriation and ownership of these resources, as a compensation for those natural rights individuals have been unjustly denied. It consists in collecting a tax from those who benefit from these natural resources and to transfer it to their co-owners because 'those who appropriate more than their fair share of natural resources owe a payment to others for their excess share' (Vallentyne 2011: 3-4). The question, then, is how such a fair share should be defined and whether it requires an unconditional and universal on-going payment in the form of a basic income.

The *Lockean proviso* stipulates that private acquisition of natural resources should 'leave enough and as good' for others, such that initial appropriation of natural resources can only be legitimate if no one is made worse off as a result of this privatisation (Nozick 1974: 176-178). A compensation is otherwise due to those whose welfare is lower than it would have been in the state of nature. In that case, the income transfer must be paid independently of one's financial resources and without any work-related condition, but it does not entail that it should be distributed to all indiscriminately nor on a regular basis. On the contrary, it should be paid only to those who have been disadvantaged, up to the level of the welfare loss incurred and potentially only at time of appropriation.

One way to justify the UBI is to consider that information is scarce and that it is impossible to find out what one's welfare situation in the state of nature would have been nor to know the precise historical injustices which made some people worse off compared to the state of nature. The distribution of a UBI might thus work as an approximate rectification for past injustices, but it could as well be in the form of a lump-sum basic capital. Another way to approach the question can be found in Nozick's (1974: 176-182) interpretation of the Lockean proviso, which considers that it imposes restrictions not only on the appropriation of natural resources but on their ownership as well. On this view then, compensating the disadvantaged would require a regular flow

of income transfer, such that the UBI would be required (and not merely permitted), by what can be termed a *Nozickean right-libertarian* conception of justice (Vallentyne 2011: 5-6).

8.2. *The left-libertarian version*

Left-libertarians start from the premise that the Lockean proviso as defined earlier is problematic and should be interpreted differently. Some people, such as handicapped persons, might have been unable to benefit from natural resources in the state of nature, such that they would actually be worse off in the state of nature than they are today and, therefore, entitled to nothing. But surely, there is something wrong with the denial of one's entitlement because of a physical handicap (Van Parijs 1992a: 10-11). Instead, a left-libertarian conception understands the Lockean proviso as the constraint that 'one leaves an equally valuable per capita share of the value of natural resources for others' (Vallentyne 2011: 7). A left-libertarian conception thus grounds justice in moral property rights just as Nozickean libertarianism but assumes egalitarian ownership of natural resources (on the features of left-libertarianism, see Vallentyne, Steiner and Otsuka 2005).

According to this view, then, the case for the UBI rests on the idea of a universal pre-existing ownership right to natural resources. If resources are originally owned equally by all, then society should provide each of its members with a cash equivalent of its entitlement share, logically financed by a tax on the value of the assets commonly owned, to ensure that co-owners who have been deprived of their just share will be fairly compensated. In short, the UBI is understood as a 'resource dividend' (Carter 2012). The historical-entitlement conception of justice that characterizes such a libertarian justification of the basic income rests on some notion of rectificatory justice according to which mandatory redistribution in the form of 'redress transfers' is justified to restore a just distribution of property rights (Steiner 1994: 266). This demands the institutionalisation of a fund into which those holding an excess of their share of natural resources transfer the market value of the natural resource-constituent of their holdings, and which redistributes an equal share to all in order to undo past injustices.

This is the view endorsed by Thomas Paine when he writes that 'every proprietor ... of cultivated lands owes to the community a *groundrent* ... for the land which he holds; and it is from this groundrent that the fund proposed in [his] plan is to issue' (Paine 1796: 8). This is 'in lieu of the natural inheritance, which, as a right, belongs to every man, over and above the property he may have created, or inherited from those who did' (Paine 1796: 11). It also constitutes the ethical rationale of the so-called 'Alaska Model', in which the tax funding the resource dividend represents a user fee for exploiting the community's oil resources (Widerquist and Howard 2012). In this sense, this approach circumvents the contributionist ethos: rather than being presented as another

kind of social policy, the UBI is framed in as an entitlement of citizenship that has nothing to do with the labour of fellow citizens (which is also seen as politically more acceptable as the Alaskan Dividend's popularity seems to suggest, see Widerquist and Howard 2012, and Goldsmith 2012). The UBI is thus not vulnerable to the reciprocity objection because it does not disregard civic duties: there is no free-riding as the UBI amounts to a distribution of property rights.

The libertarian justification of the UBI, however, is not without problems, and two in particular stand out.⁸⁷ A first one concerns the level of the basic income. Assuming that the conceptual and empirical difficulties of evaluating the fair value of resources can be surmounted, it is generally acknowledged that a resource dividend would be extremely modest (Van Parijs and Vanderborght 2017: 149-152). If the objective of basic income supporters is not merely to distribute fairly a claim on resources but to ensure a modest but decent quality of life, then the libertarian justification might be insufficient. One way consists in trying to broaden the scope of the tax base that can be acceptable to libertarians by adding, for example, a tax on bequests and a tax on genetic endowments (Steiner 1992). Another, more promising, way might be to depart from a libertarian conception and to consider that the wealth produced and accumulated by earlier generations constitute a common inheritance, which should be generating a much broader base of entitlements. A second issue pertains to the relevance of dividing shares on an equal basis rather than on, say, a compensatory-sensitive criterion, taking into consideration one's natural abilities. The real-libertarian version of the entitlement answer, to which I now turn, tries to articulate both responses into one coherent justification of a UBI pitched at the highest sustainable level.

8.3. *The real-libertarian version*

In *Real Freedom for All*, Van Parijs (1995) offers a theory of justice called real-libertarianism entirely built in order to justify the basic income. His central argument is the following: social justice requires the maximisation of the minimum level of 'real freedom', a condition which can be achieved if a society guarantees the highest sustainable level of basic income to all its members. As we have seen, libertarianism relies on the idea of a system of pre-institutional entitlements, that social institutions must protect and uphold. A real-libertarian theory of justice does not operate in such a pre-institutional way but shares with libertarianism the idea that there are external resources to which everyone is entitled. Besides, it shares with a Rawlsian conception of justice the idea that justice-relevant resources should be distributed fairly according to a certain pattern, such that it

⁸⁷ Other problems point, for example, to the desirability of funding a UBI out of polluting resources (e.g. oil) for environmental concerns, or to demands of intergenerational justice: since some natural resources are non-renewable and face unavoidable depletion, how should each generation treat the stock of resources available?

maximises the prospects of those with the least of them. Justice, then, is about the distribution of real freedom or, more precisely, of the gifts that constitute the substratum of real freedom. Real freedom is defined by the extent to which one is able to do the things one *might* want to do. This includes the formal freedom to do something, but also adds a requirement of material means to ensure the genuine opportunity to do so. The gifts that form the substratum of freedom are all those which stem from nature, technological progress, capital accumulation, social organisation, civility rules, etc. (Van Parijs and Vanderborght 2017: 105).

According to *real-libertarianism*, a free society must satisfy three conditions (Van Parijs 1995: 25):

- 1) There is some well enforced structure of rights (*security*)
- 2) This structure is such that each person owns herself (*self-ownership*)
- 3) This structure is such that each person has the greatest possible opportunity to do whatever she might want to do (*leximin opportunity*).

Real-libertarianism thus broadly shares a Rawlsian framework and, in particular, the use of maximin and leximin criteria, which makes it a theory that is compensatory-sensitive rather than about the distribution of perfectly equal entitlement shares. With his maximin principle, Rawls assumes that a rational individual prefers a policy which makes the least desirable outcome the best possible, i.e. a maximisation of the minimum. The leximin criterion is a sequential version of the maximin principle, i.e. a lexicographic refinement. According to Van Parijs' conception, a free society should prioritise the satisfaction of its conditions in the same order as they are stated, even if this lexicographic approach is 'of a soft kind' (Van Parijs 1995: 26). Once a society has secured a solid set of rights and guaranteed individual autonomy, justice is about the maximin of the gifts that form the substratum of freedom, 'that is, the maximisation of what is received by those who receive least by way of material basis for the exercise of their real freedom' (Van Parijs and Vanderborght 2017: 106). Thus, the third condition mandates a basic income to guarantee everyone the real opportunity to choose to live according to his or her conception of the good life.

To fund the UBI, the real-libertarian version endorses the left-libertarian argument of common ownership of natural resources but extends it radically to a bigger pool of commonly inherited external assets (i.e. the gifts):

In all sorts of ways, but for most of us primarily as part of our earnings, we benefit very unequally from what was freely given to us by nature, technological progress, capital accumulation, social organisation, civility rules, and so on. What a basic income does is ensure that everyone receives a fair share of what none of us did anything for, of the huge present unequally incorporated in our incomes. (Van Parijs and Vanderborght 2017: 105)

Moreover, to legitimate a tax on earnings Van Parijs argues that 'job assets' should be assimilated (at least partly) to gifts, such that everyone should have an equal endowment to the employment

rents available (Van Parijs 1995: ch. 4). From this perspective, jobs provide a major source of income and are life-chances determinants, but they are scarce resources unfairly monopolised by insiders on the job market. More specifically, part of their earnings (the difference between the effective salary and the hypothetical market-clearing wage) is assimilated to a privilege that is the result of the exclusion of outsiders. In other words, in the circumstances of job scarcity, part of job market insiders' earnings constitute an employment rent unfairly captured that society would be justified in recovering through an income tax. As such, the basic income represents the distribution of a fair share of the gifts unequally incorporated in our earnings. It should be pitched at the highest sustainable level according to a principle of sustainable maximin in order to ensure that the least advantaged receive as much as is sustainably possible.

Getting back to reciprocity, then, according to this approach a distinction should be made between *cooperative* justice, which is concerned with the fair allocation of benefits and burdens generated by social cooperation and in which reciprocity plays a central role, and *distributive* justice, which is concerned with the just distribution of inherited assets between all members of society without being subject to any duty of reciprocation (Van Parijs and Vanderborght 2017: 103). Contrary to Rawls' or White's conception of fair reciprocity, the UBI is about fair *distribution*, not fair *redistribution*: 'the taxes that fund a basic income are not levies on what was created out of nothing by today's producers, but rather fees to be paid by these producers for the privilege of using for their personal benefit what we have collectively received' (Van Parijs and Vanderborght 2017: 107). In this sense, the UBI does not amount to a redistribution of the proceeds of one's labour in the cooperative venture but as a distribution of a fair share of externalities we are not responsible for.

As argued elsewhere, the distinction between a cooperative and a distributive conception of justice in order to justify the UBI as a distribution of non-cooperative entitlements is not free of tensions (Denuit and Sabaté 2018). But to the extent that this distinction holds, then, the principle of reciprocity plays a role in the allocation of assets that are produced in a cooperative venture only insofar as prior demands of distributive justice have been met, that is, once everyone has been granted its entitlement rights. In short, guaranteeing freedom-endowing resources as a matter of distributive justice is lexically prior to the duty to contribute demanded by cooperative reciprocity-based justice. According to real-libertarianism, then, basic income recipients live off their fair share, funded out of commonly owned assets, such that they have no duty to reciprocate insofar as everyone is not guaranteed its entitlements, the cooperative surplus being redistributed afterwards, and the UBI is not vulnerable to the reciprocity objection.

9. Conclusion

In this chapter, I addressed a principled objection made to the basic income which stands out in the literature and provides, for many, a knock-out argument against the idea: the UBI is ethically flawed because it allows the violation of a principle of fairness which holds that every (able-bodied) member of society must do its fair share in return for the benefits provided by social cooperation. I showed how this widely held notion of reciprocity plays a central role in theories of justice and how it poses a normative challenge to the UBI. I have then sought to provide a series of reciprocity-based and non-reciprocity-based responses to the challenge at hand. I did not endorse a particular conception of justice but followed, instead, an ecumenical approach to show that there are good reasons to hold that the objection is not decisive, whether one considers reciprocity as a primary value or not.

Is this answer satisfying? It all depends on one's conception of justice and on what one holds to be its central currency. As Simon Birnbaum (2012: 24) rightly emphasizes, '[d]epending on whether we emphasize income, leisure, wealth, the social-bases of self-respect, or some other set of advantage(s) – such as welfare, resources, or capability to achieve certain valuable functionings – and depending on how we weigh the relevant advantages against each one another, we will arrive at different conclusions about the desirability of basic income'. The approach undertaken in this chapter thus provides democratic inputs that policy makers need to take into account. Even if the discussion is inconclusive in the sense that it does not allow one to say that UBI is morally required, it contains arguments that allow me to conclude that introducing it in a democratic society can't be opposed solely on reciprocity-based grounds. That entailment holds because parties in a democratic society have to decide for themselves what stand they should take on the issues raised in the debate pro and contra UBI and, through it, to social citizenship.

Insofar as one agrees with this conclusion, it is now possible to pursue with the evaluation of prospects of the UBI at European level. The next big challenge to the idea concerns the pursuit of social justice beyond national borders and whether we have good reasons for thinking that the UBI cannot be ruled out as an instrument of pan-European solidarity.

CHAPTER FOUR: THE CHALLENGE OF SOLIDARITY

1. Introduction

In chapter one, I argued that the current organisation of social protection in the EU is insufficient to protect all Europeans effectively against the risk of poverty and social exclusion, and that the proposal of a European UBI (EUBI) is a well-placed candidate to address the problem at hand. The institutionalisation of such a policy means that the EU takes on a distributive role currently reserved to its MS, even if it only acts in a complementary way. Yet, many argue that, in the absence of certain associational preconditions rooted in an ethic of membership and providing a motive for social sharing, demands of justice ought to remain confined within the nation state. In short, people must share social bonds, such as a common identity, mutual recognition as citizens of the same state or institutions providing the framework for social cooperative practices, to ‘accept the strains of commitment involved in building and maintaining a decent, good, or just society’ (Banting and Kymlicka 2017b: 7). On this account, the prospects for the EUBI thus depend on the potential limits set to the pursuit of social justice at EU level. With this in mind, ‘the challenge of solidarity’ reads as follows: *the EU lacks certain preconditions necessary for the pursuit of social justice at the supranational level and, thereby, to justify an instrument of pan-European solidarity. Hence, the EUBI should be abandoned.*

I do not claim that this objection exhausts the range of challenges that the EUBI may face when considering questions of scope of justice, but it is key for the following reasons. First, the nation state has been and remains the primary vehicle of social justice. Given this dissertation’s concern with the *current* problem of poverty, it is interesting to depart from the proximity between what exists and the justification given for keeping it that way, to see whether even under these conditions we also have good reasons for introducing the UBI as a *European* instrument. Second, some of the arguments advanced by those making the pursuit of justice conditional on nationhood or on civic obligations have a special place for EU scholars. They resonate with other well-known debates in EU studies, such as the ‘no demos’ thesis (i.e. without a shared identity there can be no European democratic polity and without a genuine democratic federation there can be no EU-wide redistribution), such that they also relate to the deadlock of positive integration in the social field explained in chapter one.

With this in mind, my central aim in this chapter is to show that the prospects for introducing a EU-wide UBI are not hindered by the challenge of solidarity, that is, that the objection is not decisive. Using a normative account of the EU as a democracy which defines it as a ‘union of

states and citizens' who 'govern together but not as one' (Nicolaidis 2012: 254), I show that the three different versions of the objection, to which I refer as the 'common identity view', the 'political view' and the 'social cooperation view', are either invalid or not decisive. On that basis, I then propose a multi-tiered account of justice in the European Union, in which the EU plays a complementary role to its Member States to guarantee every European a social minimum. I do not claim that the EUBI is required by demands of justice at EU level. Instead, I defend a sufficientarian account of EU justice and argue that the EUBI would be desirable to preserve national redistributive capacities and strengthen EU social citizenship simultaneously.

This chapter runs as follows. In section two, I provide a brief account of the global justice debate, as an account of EU justice must make use of the contentious discussion between the various positions on the pursuit of justice beyond borders, before presenting the three different views of 'bounded justice' that underpin the objection. In section three, I present the normative democratic framework and address each objection in turn. I reject the common identity view as providing valid grounds for justice and show that the political and social cooperation views are not strong enough to confine demands of egalitarian justice at national level. In section four, then, I propose an account of multi-tiered EU justice based on a sufficientarian standard set at the poverty line. I show that the EUBI would help secure national demands of justice whilst preserving national collective autonomy in terms of welfare arrangement, before highlighting how the EUBI strengthens the transnational dimension of EU social citizenship. Section five concludes.

2. Justice beyond borders

As we saw in chapter three, whilst egalitarians may diverge in their account of the grounds of justice, they broadly share – at least, so I shall take for granted – the view that justice is about equal concern and respect for individuals and a fair distribution of resources among them. However, there is wide disagreement about whether obligations of justice extend beyond the borders of the nation state, even among those who share the same (for instance Rawlsian) grounds of justice. The debate on justice beyond borders, then, seeks to answer the following question: what do we owe to our fellow citizens and what do we owe to 'outsiders'? It is thus concerned with the *scope* of justice (i.e. national, regional, global) and with the *subjects* of justice in the global realm (i.e. states, individuals, or both). This led to a particularly prolific literature in political theory on *global* justice, but scholars have much less focused on the specific case of *EU* justice, except for a few recent contributions following the euro crisis (see e.g. Sangiovanni 2012, 2013; Viehoff 2014, 2016; de Witte 2015; Van Parijs 2015; Crum 2015, 2017; De Schutter 2017; Vandenbroucke 2017d). Any enquiry of the place of social justice in the EU must thus make use of the arguments involved in

the debate about global justice, as the EU is typically seen as a regional ‘middle-ground’ between domestic and global justice (Sangiovanni 2013: 5; Maffettone 2014: 135) or as a ‘laboratory’ for global justice (Crum 2015: 43; De Schutter 2017: 76; Vandenbroucke 2017d: 30). Therefore, I briefly present the global justice debate before turning to the specific views that I will address in the subsequent discussion.

2.1. *The global justice debate*

The global justice debate is generally viewed along the line of a dichotomy between statist and cosmopolitans. Statists typically hold that obligations of social justice only arise among those who live within the boundaries of the same state, whereas cosmopolitans argue that demands of justice hold among all human beings, regardless of the political community they belong to. Statists consider that only the nation state can provide the relevant form of association or membership that triggers the full scope of demands of social justice. They hold a ‘relational’ view of justice in the sense that the subjects of justice are united by common links by virtue of their co-membership, whether expressed with reference to cooperative practices (Rawls 1999), to the authority of political institutions (Blake 2001; Nagel 2005), or a common national identity (Miller 1995). In other words, statist hold that ‘the practice-mediated relations where individuals live determine the justification of the principles of justice’ (Maffettone 2014: 127). From this perspective, international justice is concerned with the ‘justice of societies’ rather than the ‘well-being of individuals’ (Rawls 1999: 119-120). By contrast, cosmopolitans hold that individuals are the subjects of global justice. Relational cosmopolitans accept that justice requires certain kinds of relations between agents but argue that the relevant relations exist at the global level such that principles of domestic justice also apply globally (Beitz 1979; Pogge 1994). Non-relational cosmopolitans consider that humanity constitutes one ‘moral community’ and hold that obligations of justice are moral obligations that we owe to each and everyone *as human beings*, not by virtue of some criterion of membership or institutionally mediated practices (Caney 2005).

Clearly, the dichotomy between statism and cosmopolitanism is insufficient to capture the wide array of views on the matter such that intermediary positions are best appreciated alongside a spectrum of moral perspectives according to their proximity to one of these two ‘limit-cases’ (Ronzoni 2016). For instance, ‘transnationalists’ are ‘lax’-cosmopolitans since they consider individuals as the justice-relevant moral unit but hold that obligations of justice beyond borders come in varying degrees, depending on the existence of national, regional and global institutional frameworks and justice-triggering relations between individuals beyond borders (James 2012). ‘Internationalists’ are ‘mild’ statist who see the nation state as the primary locus of social justice but consider that there

may be obligations of justice beyond borders, generally between states and, under specific circumstances, between individuals as well (Risse 2012; Sangiovanni 2007, 2013). On this account, justice beyond borders is '*categorically* different from, and largely *ancillary* to, domestic justice [such that] the *very point* of justice beyond borders is to facilitate the achievement of justice *within* them, by securing those (individual and/or institutional) conditions that enable people to live in internally just societies' (Ronzoni 2016: 8).

How do these different views appreciate the guarantee of a social minimum beyond national borders? Besides the claim that duties of egalitarian justice may obtain on a global scale, some cosmopolitans extend the left-libertarian right to natural resources to a global scale, such that everyone would be entitled to a global 'resource dividend' (Pogge 2007). As for statist and internationalists, they typically hold that there are duties of 'minimal justice' which are only of about securing the basic needs for subsistence (Rawls 1999: 65; Nagel 2005: 131; Sangiovanni 2007: 3, fn. 5; Miller 2009: 293).⁸⁸ This means that the right to minimum economic security does not derive from comparative entitlements of distributive justice but from a non-comparative concern of a sufficientarian kind.

Against this backdrop, in this discussion, I focus on (mild) statist perspectives. Engaging with the most 'skeptical' views of 'bounded justice', rather than, say, starting off from a cosmopolitan or transnationalist perspective, allows me to show that, even from what appears from the onset as unfavourable grounds, we may still have reasons to develop instruments of pan-European solidarity. I now turn to these different views of 'bounded justice' and clarify the objection I wish to address.

2.2. Bounded justice

Against this backdrop, I focus here on three main statist or internationalist perspectives which I regroup under the heading of 'bounded justice' in the sense that these views share the premise that the contemporary nation state is the relevant site of justice because it is the place where certain justice-triggering relational ties exist. In other words, obligations of justice only arise in the presence of certain relational conditions of the kind we typically find among citizens of the same state. These views, which broadly share a liberal egalitarian conception of justice, differ in their account of the kind of associational ties which count as relevant grounds for demands of justice. Some appeal to the features of the *nation*, others to the features of the *state*. I refer to the former as the 'common

⁸⁸ It must be noted that for Nagel, for instance, the duty concerns people considered as individuals (Nagel 2005: 135), whilst for Rawls, the right to basic subsistence is derived from a duty of assistance on the part of liberal or decent societies towards burdened societies (Rawls 1999: 118).

identity view' whilst the latter can be divided into the 'political view' and the 'social cooperation view'.

The *common identity view* draws from Rawls' understanding of a political community (i.e. a people) as one united by 'common sympathies', based on a common language and shared cultural and historic heritage (Rawls 1999: 23-24), but is most explicitly defended by Miller (1995, 2009). According to this so-called 'liberal nationalist' view, besides the need to be politically organised within a state, it is the nationhood in modern nation states which is key to realise the goal of social justice, because a common national identity, based on cultural similarity and mutual identification, is deemed necessary to foster a willingness to share: redistributive policies demand sacrifices which people accept to make, so it is argued, when they feel close enough to each other. As noted by Miller, '[a] shared identity carries with it a shared loyalty, and this increases confidence that others will reciprocate one's own cooperative behaviour' (Miller 1995: 92). Social sharing thus demands trust, trust requires mutual recognition, and mutual recognition is typically found in national political communities defined by shared history, symbolic elements and language, as well as a common public culture, and all connected to a particular territory (Miller 1995: 22-27). This view is thus built on an argument about *motivation*: justice rests on the readiness of citizens to abide by principles of social sharing because they feel they are part of a 'community of fate'. In short, the key feature that triggers demands of justice, then, is a sufficiently strong feeling of identification with others or, in other words, a common 'we-feeling', which does not exist beyond the nation state.

The *political view*, defended by Nagel (2005), holds that the state is morally unique because it makes obligations of justice possible among citizens who are both authors and subjects of coercive laws. As Nagel puts it, 'sovereign states are not merely instruments for realising the preinstitutional value of justice among human beings. Instead, their existence is precisely what gives the value of justice its application, by putting the fellow citizens of a sovereign state into a relation that they do not have with the rest of humanity, an institutional relation which must then be evaluated by the special standards of fairness and equality that fill out the content of justice' (Nagel 2005: 120). This view rests on the idea that political processes provide a source of legitimation for demands of justice, because the state owes its citizens a justification for the exercise of its authority: 'In short, the state makes unique demands on the will of its members – or the members make unique demands on one another through the institutions of the state – and those exceptional demands bring with them exceptional obligations, the positive obligations of justice' (Nagel 2005: 130). According to this view, then, redistribution is justified in virtue of joint determination under the authority of shared political institutions, a framework which does not exist beyond national boundaries.

Finally, the *social cooperation view* builds on Rawlsian reciprocity-based justice (see chapter three, section 2.1.) and holds that demands of justice rest on the existence of a scheme of social cooperation that is mutually beneficial for its participants. For instance, Sangiovanni holds that demands of justice ‘can be understood as demands for a fair return in the mutual production of important collective goods’ (Sangiovanni 2013: 217). This objective, so it is argued, is best facilitated by the state and its institutions as it has ‘basic extractive, regulative and distributive capacities’ as well as the ‘financial and sociological basis’ required to function effectively (Sangiovanni 2013: 20). In short, the state makes reciprocal contribution (from which demands of justice arise) possible because it provides the framework necessary for a fair system of cooperation.

2.3. The objection

Against this backdrop, each view makes the pursuit of social justice conditional on the existence of one of the features mentioned above. These different associational ties provide the motives for institutionalising solidarity: citizens recognise each other through their common identity, through joint determination as subjects sharing in a comprehensive set of political institutions, or as participants of a mutually beneficial social venture. Solidarity, then, should not be conflated with justice. It is rather linked with its *actual* pursuit as it involves ‘a readiness for collective action and a will to institutionalise it through the establishment of rights and citizenship’ (Stjernø 2005: 326).⁸⁹ According to a bounded conception of justice, then, the attainment of justice is dependent upon certain elements of social and political structuring that provide a justification for organising social solidarity.

It is precisely this link that led many scholars, not only to argue that, in the absence of the right kind of social interactions, demands of justice ought not to arise beyond the nation state, but also to doubt the very possibility that the pursuit of international justice would ever be realisable. Crum, for instance, takes this view in relation to the European context when he notes that ‘the failure of a genuine Social Europe is not a matter of accident or perverse manoeuvring by political elites but rather explained by the absence of the effective societal preconditions and sentiments that would allow a substantial redistributive regime to develop’ (Crum 2015: 162).

How does this relate to the EUBI? As an individual-centred instrument, the EUBI is *de facto* an instrument of EU-wide interpersonal solidarity. Thus, according to the different versions of

⁸⁹ Solidarity is a contested and elusive concept, used in many ways in the literature. For discussions about the meaning of solidarity, see Stjernø (2005, 2011), Kolers (2012), Nicolaïdis and Viehoff (2012), and the various contributions in Banting and Kymlicka (2017a). For an analysis of solidarity in the context of the EU, see Borgmann-Prebil and Ross (2010), Ross (2010), Lamping (2010).

bounded justice, if the EU lacks the relational grounds necessary for demands of justice to apply at supranational level, then the EUBI must face a fatal blow. From this, one can understand ‘the challenge of solidarity’ as follows: the EU lacks the kind of prerequisites – which typically exist at national level – deemed necessary for the pursuit of social justice at the supranational level and, thus, to justify the institutionalisation of an instrument of pan-European solidarity. Hence, the EUBI should be abandoned.

3. The pursuit of justice in the EU

In this section, I start with a normative account of the EU as a democracy before addressing the three versions of the objection in turn.

3.1. *A normative framework: the EU as a democracy*

The idea of the EU as a democracy considers that the EU is neither an intergovernmental construct nor a federal state. It can be seen as a ‘third way’ escaping the ‘entrapping dialectic’ between nationalists and federalists but it is not a simple ‘in-between’ as it is normatively opposed to both (Nicolaidis 2012: 254). The EU-as-democracy can be defined in the following terms:

European democracy is a Union of peoples, understood both as states and as citizens, who govern together but not as one. It represents a third way against two alternatives which both equate democracy with a single demos: as a democracy-in-the-making, the EU is neither a Union of democratic states as ‘sovereignists’ would have it, nor a Union-as-a-democratic state to be as ‘federalists’ would have it. A Union-as-democracy should remain an open-ended process of transformation which seeks to accommodate the tensions inherent in the pursuit of radical mutual opening between separate peoples. (Nicolaidis 2012: 254)

This view still grants the state a special place but it seeks to move away from essentialist debates about what constitutes a ‘people’ (and thus the typical opposition between ‘peoples’ and ‘persons’) as it is able to accommodate an understanding of ‘peoples’ as ‘states’ or ‘nations’ with one considering them ‘as networks of persons endowed with individual rights and participatory claims’ beyond state boundaries (Nicolaidis 2012: 257). The EU-as-a-democracy thus ‘displays a compound character – a polity of polities, a *community* of communities, an overlapping consensus of overlapping consensus⁹⁰ which must amalgamate pre-existing political and social bargains while respecting the say of peoples-as-states (whereby interests have already been aggregated) *and* peoples-as-citizens (whereby disperse individual interests may or may not recognise themselves in pre-existing national bargains)’ (Nicolaidis 2012: 258).

⁹⁰ An ‘overlapping consensus’ refers to the idea that citizens with conflicting moral doctrines would support a shared political conception of justice (a core set of laws) for reasons internal to their own moral perspective (Rawls 1971: 388, 1989, 1993: 133-168, 2001: 32-38).

In this sense, the EU can be understood as a *federal union* (Nicolaidis 2012: 260). It recognises the distinctiveness of European identities, but it is more than an alliance of states as it emphasises a transnational dimension, providing it with a ‘transformative character’ (Nicolaidis 2013: 353-4). The EU, then, cannot be reduced to a mere intergovernmental construct nor can it be equated with the project of ‘transcending’ the state in a ‘post-national constellation’ (Habermas 2001). Instead, it combines intergovernmental elements with supranational majoritarian politics, providing both an account of the EU as it is and as it ought to be, if one is concerned about the respect of national collective autonomy *and* transnational rights of EU citizens. But it is not trapped in the status quo because the EU-as-democracy is ‘an open-ended process of transformation’, as the definition above emphasises, ‘which seeks to accommodate the tensions inherent in the pursuit of radical mutual opening between separate peoples’.

In light of this, how can we understand the EU in terms of ‘polity’ and ‘political community’? According to Bauböck, a polity is ‘a formal institutional structure’ whilst a ‘political community’ refers to ‘an identity shared by the citizens of a polity’ (Bauböck 2017: 80). On that basis, ‘a political community becomes a polity when a population supporting a claim for self-government succeeds in establishing a territorial jurisdiction, a citizenship status and government institutions; a polity becomes a political community when it is successful in creating a corresponding collective identity shared by its citizens’ (Bauböck 2017: 80). With respect to the former, the democratic character of the EU accommodates the view in social sciences which understands the EU polity as a complex and nested system of ‘multi-level governance’ (Hooghe and Marks 2001), as agreed by Nicolaidis (2012: 261) herself. With respect to the latter, when Nicolaidis conceives of the EU as a ‘community of communities’, she means ‘a community of others’, that is, one ‘predicated on the mutual recognition of the many European identities – not on their merger’ (Nicolaidis 2012: 267).

Surely, there is more to say about the nature of the EU, but its different features will be mobilised along the rest of the discussion. It is sufficient for now to recall that the EU can be considered as an evolving multi-level polity encompassing different political communities whose distinctiveness must be respected, whilst being more than the sum of its constituent parts, given its transnational dimension. With this in mind, I now turn to the different versions of bounded justice on which the objection rests and evaluate their claims.

3.2. *The common identity view*

I start with an assessment of the common identity view of which Miller (1995, 2009) is a prominent defender. His view posits, as was already explained, that the kind of prerequisite necessary for demands of justice to obtain is essentially based on a common identity, or nationhood, which itself

provides the motivational basis required for social sharing: the willingness to abide by principles of justice ‘depends on a belief that others will reciprocate [which is] powerfully affected by people’s sense of identity, by who they see as members of their community and who they regard as outsiders’ (Miller 2009: 303). In short, this view grounds justice in motivational sources necessary for acting in solidarity.

The debate about whether or not there is a European identity (and its very definition) is a contentious one but it is clear that there is no such thing as a European national identity (see Checkel and Katzenstein 2009 for a review). Some argue that there are signs of an ‘emerging’ European identity associated with the progressive ‘thickening’ of the European public sphere (Risse 2014). This may be true but it is too thin to qualify for Miller’s link between identity and political community (i.e. common history, public culture, symbolic elements, language, territory). As already pointed out, the EU is a ‘community of strangers’ which is ‘united in diversity’, as coined by the EU’s motto. The implications are clear: on these premises, without a shared EU national identity, no obligations of justice apply at the supranational level. Should we stop here? Not at all.

A first (unsatisfying) answer relates to the very process by which nations came about. As noted by De Schutter (2017: 73), ‘states have actively attempted to create national cultures, by emphasising internal cohesion, by standardising the language, by designating an official language and by coercing public education to use it, or by emphasising the differences with other nations’. In light of this, one could argue, as De Schutter does, that we should engage in nation-building at EU level. But not only would this be inconsistent with my understanding of the EU as a democracy, this can only be a very long-term perspective which looks unpromising if one sees the need to secure a social minimum for all as a matter of urgency, as I do. Fortunately, there are other, more promising, answers to the objection.

3.2.1. *The multiple identity answer*

A second answer concerns the compatibility of various national identities under a multi-level polity. The existence of multinational states seems to contradict the common identity requirement. Belgium or Switzerland for example have built their own system of redistribution *despite* different national identities. Miller would respond that these states are able to sustain redistributive programmes because they are *not simply* multinational as their citizens have developed a dual identity with corresponding institutional segmentation (e.g. at federal and regional levels) (Miller 1995: 96). This is true. But this entails that it is simply a matter of degree of identification and compatibility of identities. Processes of ‘fellow-feeling’ identification and mutual recognition can extend transnationally in complex and nested ways. For instance, Risse argues that, even at the heart of

the euro crisis, large majorities held ‘dual identities’ which revealed a ‘Europeanisation of national identities’ that was even, according to him, ‘sufficient to sustain carefully crafted (re-)distributive policies on the European level’ (Risse 2014: 1208). Notwithstanding the fact that it is not an easy task, if it can be justified and possible for a federal state as Belgium to organise redistribution despite encompassing multiple nationalities, there is (at least) no *principled* reason for not conceiving redistribution under the EU’s ‘community of communities’ framework.

Thus, even if one concedes that the lack of a common identity of the kind that exists in contemporary nation states is not present at EU level, such that *similar* demands of justice do not apply, it is unclear why *none* can obtain. In other words, why should it be an ‘all or nothing’ matter? If what matters is a sufficient level of trust providing a motivational basis to act in solidarity, mutual recognition at EU level may fall short of the kind that exists between co-nationals but, as noted by Nicolaïdis and Viehoff (2015: 286), ‘the EU should be seen as much more plausibly as a possible future object for relations of solidarity than the relations amongst everyone on a global scale’. This is also the view taken by Sangiovanni when he argues that ‘there is no reason why weaker relations of solidarity that are more demanding than humanitarianism but less demanding than full equality cannot develop at European level’ (Sangiovanni 2012: 408). And he adds, ‘the argument that norms of distributive justice and solidarity cannot apply at the European level because there is no sense of shared identity grounded in a common nationality therefore fails’ (Sangiovanni 2012: 408). I agree.

3.2.2. *The ‘other motives’ answer*

Another answer worth considering has to do with the distinction between the different possible motives necessary for the pursuit of justice. For the common identity view, what actually matters is not a common identity *per se*, it is its capacity to provide people with a *motive* to share, that is, to act in solidarity. In other words, if nation-building is only instrumental, we may have other instrumental reasons to hold support for redistributive programmes. In practice, evidence shows that, notwithstanding the important role of common identities in supporting and sustaining redistributive programmes, redistributive systems *can* exist without a common national identity (see Banting and Kymlicka 2017a for a review). One possibility relates to the mutual recognition provided by a common citizenship regime (Bauböck 2017; Levy 2017). The co-determination of individuals living in a democratic system provides them with a source of ‘enlightened self-interest’, as citizens sharing a common project, a common destiny (Sterjnø 2005: 201). From this perspective, ‘[c]ollective identities among citizens should not be understood as rooted in what makes them

similar to each other, but as narratives about their shared interests in membership' (Bauböck 2017: 100).

How, then, does common citizenship translate in the European democracy? EU citizenship is derivative and additional in the sense that one becomes EU citizen only to the extent that one holds the nationality of a Member State (art. 20(1) TEU) and that both national and supranational citizenships co-exist. Compared to what exists at Member State level, then, EU citizenship is of course an 'unfinished business' but it has enhanced the scope of possibilities for individuals beyond the nation state in an unprecedented way. EU law has created what de Witte calls 'aspirational solidarity' between EU citizens who share in the benefits of EU integration through the right to non-discrimination on the basis of nationality, the extension of their electoral rights at local and supranational level, or the access to social security in another Member State, for example (de Witte 2015: ch. 5). The right to free movement, in particular, 'extends the potential scope for the individual's realisation of the 'good life' beyond a Member State's spatial and normative boundaries, and as such can be understood to help overcome the limitations of the development of justice through national political structures' (de Witte 2015: 61).

Whether the EU citizenship regime can provide a motivational basis for social sharing is an empirical question which rests, ultimately, on how citizens regard themselves as connected to each other through the European project. Even if it falls short, again, of the kind of bonds sustained by national citizenship, the very existence of EU citizenship encompasses the idea that 'fellow citizens are not strangers for the same reason and in the same way that fellow humans are strangers' (Levy 2017: 108). This does not prove that EU citizenship would be sufficient for egalitarian demands to obtain at EU level, but that the EU constitutes a middle-ground with respect to citizenship, between national ('full' citizenship) and global (no citizenship) levels. To the extent, then, that other motives for the actual pursuit of distributive justice *can* be identified, the link between justice and common identity becomes 'merely historically contingent, and the pursuit of justice beyond the state remains possible' (de Witte 2015: 28).

3.2.3. The primacy of justice answer

Finally, there is another, more fundamental, reason to reject the common identity view as a valid objection. This view considers, ultimately, that justice depends on the existence of a common 'we-feeling' necessary for the pursuit of justice. But grounding demands of justice in *feelings* is, in itself, deeply problematic, as Van Parijs argues:

how close people are to each other by virtue of their cultures and how much they identify with each other cannot sensibly provide an authoritative guide to choosing what criterion of justice should

apply to them. Whether or not there are ‘common sympathies’ between some country’s cultural majority and one of its cultural minorities, for example, cannot possibly determine whether the latter should, as a matter of justice, be treated as equals. Feelings ought to be shaped by just institutions. They ought not to dictate which institutions should be regarded as just. (Van Parijs 2007: 644)

Van Parijs’ view rests on Rawls’ ‘primacy of justice’ argument, which states that ‘[j]ustice is the first virtue of social institutions as truth is of systems of thought. A theory however elegant and economical must be rejected or revised if it is untrue; likewise laws and institutions no matter how efficient and well-arranged must be reformed or abolished if they are unjust.’ (Rawls 1971: 3). In other words, justice should take priority over other concerns when designing social institutions. Viehoff and Nicolaïdis concur: ‘after all, the fact that some people may fail to see and act on their duties of justice seems an improper basis to conclude that there are no such duties’ (Viehoff and Nicolaïdis 2015: 286). According to this perspective, then,

rather than being conditional upon the prior existence of certain social bonds and relationships of mutual benefit, justice may *motivate* us to create and sustain such bonds and relationships once certain kinds of (institutional) interaction obtain between us. In other words, solidarity, properly understood, cannot be reduced to an ex-ante emotional attachment but can also be an ex-post effect of reflecting on how we should regulate our actually existing social and political interdependence. (Viehoff and Nicolaïdis 2015: 287)

The historical contingency of redistributive systems takes all its sense here as the design and upholding of social institutions may be the result of an intentional exercise guided by a sense of justice that it is not dependent on some pre-existing ‘we-feeling’ bonds. This argument does not mean that obligations of egalitarian justice obtain at EU level. But it rejects the need for a common identity as the grounds for justice, and hence the common identity view as a valid objection to the pursuit of EU justice. I now turn to the next two versions of the objection, which agree that just institutions ought to be prior to other concerns but justify the difference between issues of justice at national and European levels on other grounds.

3.3. *The political view*

Contrary to the common identity view, the political view, defended by Nagel (2005) in particular, is not concerned with mutual trust deriving from cultural bonds and historical antecedents necessary to act in solidarity. What matters, instead, is the sovereign power of the state and the duty of justice citizens owe each other through the comprehensive set of institutions which has a pervasive impact on their lives:

Every state has the boundaries and population it has for all sorts of accidental and historical reasons; but given that it exercises sovereign power over its citizens and in their name, those citizens have a duty of justice toward one another through the legal, social, and economic institutions that sovereign power makes possible. This duty is *sui generis*, and is not owed to everyone in the world, nor is it an

indirect consequence of any other duty that may be owed to everyone in the world, such as a duty of humanity. Justice is something we owe through our shared institutions only to those with whom we stand in a strong political relation. It is, in the standard terminology, an *associative* obligation. (Nagel 2005: 137)

According to this perspective, then, demands of justice arise as a result of certain procedural requirements: the justice-triggering features derive from the nature of compliance mechanisms by which the joint production of social goods (and hence their distribution) comes about. In other words, if social institutions have effects ‘so profound and present from the start’ (Rawls 1971: 7) for those living under them, it is precisely because of the state’s capacity for coercion (Nagel 2005: 128). Therefore, demands of justice cannot arise beyond the nation state, so it is argued, because ‘[international rules and institutions] are not collectively enacted and coercively imposed in the name of all individuals whose lives they affect; and they do not ask for the kind of authorisation by individuals that carries with it a responsibility to treat all those individuals in some sense equally’ (Nagel 2005: 138). There are two claims made here for egalitarian obligations to obtain: rules must be *coercively imposed* and *justified* (i.e. collectively enacted and authorised). I evaluate those two claims in turn.

3.3.1. *The non-voluntariness answer*

How should we understand a coercive imposition? For Nagel, the state is fully sovereign and its coercive nature is distinctive from that of the international order because, within the state, membership is non-voluntary (Nagel 2005: 128). First, the claim of full sovereignty is precarious in the case of the EU. Let’s recall that sovereignty is multi-layered and dispersed in the EU according to the conferral of competences and the principle of subsidiarity. The EU has given way to a comprehensive legal order, which has primacy over national law.⁹¹ It also has direct effect⁹² such that, even if a European directive does not confer rights or impose obligations on EU citizens directly, these flow from the measures enacted by MS which are required to implement EU law. Moreover, the EU has acquired exclusive competence in many key policy areas such as competition policy, monetary policy, and international trade. In social policy, depending on the field, the EU shares competence with its MS (e.g. social security and protection of workers) or supports the coordination of their policies (e.g. combating social exclusion). But, as was argued in chapter one, EU welfare states have also become ‘semi-sovereign’ (Hemerijk 2006) because they are embedded in a system of governance, biased towards market integration, which is partly responsible for the erosion of their redistributive capacities. Furthermore, EU legislation is backed by an independent

⁹¹ Case 6/64 *Costa v ENEL* [1964] ECR 1251

⁹² Case 26/62 *Van Gend & Loos* [1963] ECR 1

Court of Justice and a system of sanctions in case of MS non-compliance with EU law (art. 260 TFEU). Coercive laws are not the sole prerogative of MS and the EU supranational order has a pervasive impact on individuals living within its borders, as was argued at length in chapter one. In fact, the capacity for coercion must be seen in a multi-level fashion as Neyer helps summarise: '[t]he democratic nation-state, with its characteristic mixture of representation, separation of powers, and checks-and-balances, is increasingly integrating into cross-border multilevel European structures in which new rules apply. To correctly assess political power today we must understand the nation-state as an integral component of larger multilevel systems' (Neyer 2012: 12).

What about voluntariness, then? From the analysis above, it seems untenable to reduce the EU to a mere intergovernmental organisation based on the sole consent of its MS. Yes, they retain the possibility of exit. They are, at least nominally, free to leave and, in this sense, membership is voluntary. But exit involves massive costs (as the Brexit case exemplifies) which also affect citizens' prospects. Sangiovanni agrees when he notes that 'it seems clear that the EU is not voluntary in the relevant sense required for less demanding norms to apply: withdrawing carries large and significant costs for all of its members (for example, in market access); and the longer the membership the worse the costs (for example, given adaptation in the presence of legitimate expectations regarding market access). While it might be argued that the decision to join the EU for either the founding or acceding generation was voluntary in the relevant sense, this is certainly not the case for succeeding generations' (Sangiovanni 2012: 393). In light of this, if coercion constitutes the relevant condition for obligations of justice to arise, under current circumstances, the objection does not seem strong enough to defeat the possibility of EU justice claims. What about Nagel's second claim?

3.3.2. *The EU as fiduciary answer*

Citizens are not only the subjects of coercion, they are also 'its putative joint authors' (Nagel 2005: 128). In other words, for coercive rules to trigger egalitarian demands, these should be the result of a democratic society: it is on that basis that Nagel explicitly rejects the possibility of demands of justice in the EU, at least as long as it is not 'a genuine European federation with some form of democratically elected representative government' (Nagel 2005: 144).⁹³ The underlying assumption seems to be, at first sight, that democratic representation and majoritarian politics are necessary to legitimise the norm of justice jointly decided, in order to create a sense of obligation that ensures

⁹³ This claim has also been made by others who reject the possibility of EU justice on the sole ground of its 'democratic deficit' (i.e. they do not consider coercion). As Joerges puts it, 'democracy entails a mandate to define social justice and a chance of accomplishing politically defined objectives [...] As long as the EU does not establish a comprehensive democratic order it cannot realise an equivalent to the democratic welfare states of its members' (Joerges 2017: 98).

the citizens' voluntary compliance with redistributive decisions (de Witte 2015: 23). Yet, the EU falls short of the features of the typical liberal democratic state.⁹⁴ It is, by definition, a democracy, combining elements of supranational majoritarian politics with intergovernmental bargaining. On that basis, then, no claims of justice can be made at EU level.

However, Nagel writes later that, even in the case of a colonial power, there *are* claims of justice for what is needed is 'a broad interpretation of what it is for a society to be governed *in the name* of its members' such that those claiming authority must do so 'to serve their [citizens'] interests even if they are not its legislators' (Nagel 2005: 129, fn 14, my emphasis). From this, rather than being co-authors of the laws, what matters is that citizens upon whom coercive rules are enforced be given a *justification* for the rules they are expected to comply with (Van Parijs 2007: 645).

How does this hold in the EU context? Neyer argues that the EU already is, although still imperfectly, a 'justified structure of justification' because the constitutionalisation of European law has changed modes of representation from intergovernmental bargaining to transnational deliberations:

The constitutionalization of justificatory requirements by means of European law changes the mode of representation from preferences and power to arguments and reasons and thus transforms intergovernmental bargaining into transnational deliberations. It provides safeguards against the impact of vertical power asymmetries on the justificatory discourse and exerts a compliance-pull by increasing the costs of non-compliance to powerful and weak states alike. The EU already possesses the initial elements of such a 'justified structure of justification' (*eine gerechtfertigte Grundstruktur*). It not only allows for and demands justifications, the EU itself is to some degree the product of a justificatory discourse. (Neyer 2012: 9)

Viehoff makes a similar argument and helps clarifying the matter. According to him, the EU has *fiduciary obligations* towards individuals living within the EU, at least in the domains where it has acquired competences. EU supranational institutions, such as the European Central Bank, the European Commission or the Council of Ministers do not only have authority over individuals' life prospects, they also 'claim authority' in the sense that they claim to be 'morally entitled to create duties on behalf and for EU citizens', such that they have a 'distinctive normative relationship with each person for whom these duties are meant to be binding' (Viehoff 2016: 10).

⁹⁴ de Witte helps summarising the differences: '[t]he limited powers of the European Parliament (EP), as the body representing the European electorate, the insulation of the European executive and the agenda-setting from the vote, the entrenchment of national interests in the decision-making process, the digressively proportionate composition of the EP, and consequently its incapacity to guarantee simple majority decision making, the absence of genuine European political parties, the limited political participation in European elections, lack of accountability in the legislative process, and the absence of a European public sphere all severely restrict the legitimacy of Europe's potential assumption of welfare competences' (de Witte 2015: 55-56).

By having a pervasive impact on those living under its authority *and* by claiming authority over persons, rather than states, then, EU institutions must exercise public authority in a manner that displays equal concern. If this is so, ‘equal treatment [requires] at the very best that every person’s interest, including those who fare worst under the scheme, matter to some important degree [which means, ultimately] more than what is presently provided by supranational economic institutions’ (Viehoff 2016: 10). On this account, the political view seems to be too weak to bound demands of justice at national level. I now turn to the third and last version of the objection.

3.4. The social cooperation view

According to the social cooperation view, the kind of interaction relevant for demands of justice is not that individuals share a common identity nor a set of institutions coercing them, but it is participation in a scheme of social cooperation, in the Rawlsian sense (see chapter three, section 2.1.). As Freeman (2007: 266) helps to summarise, social cooperation relies on a set of publicly recognised rules that regulate the distribution of benefits and burdens among participants, it is voluntary and mutually beneficial, and the fair terms of cooperation involve an idea of reciprocity. When these conditions are met, participants owe each other a fair share of the social surplus they have jointly produced. To see how this view holds at the supranational level, I rely on Viehoff (2014: 92-102, 2016: 7-10) and Sangiovanni (2013) who both engaged with this view in the European context.

3.4.1. An EU scheme of social cooperation

According to Viehoff (2014: 93-95), these features are present at EU level in a similar way to the domestic case. Emphasising that the EU aims, *inter alia*, to realise ‘economic, social and territorial cohesion, and solidarity’ (art. 3(3) TEU), he argues that the EU was built ‘in the spirit of cooperation and with a view to generating various kinds of benefits for all participants’ (Viehoff 2014: 93). This ambition is sustained by a highly developed and complex legal order, itself governed by principles of fair reciprocity, as exemplified by the rules underpinning the Structural Funds and the so-called ‘solidarity clause’ (art. 222 TFEU), as well as majoritarian decision-making procedures in key policy domains. Viehoff interprets this as ‘an expression of the participants’ trust that others do not use the institution merely strategically to rationally maximise their advantage [and that they] will act reasonably’ (Viehoff 2014: 94). In other words, ‘participating states see their commitments to the EU as one of fair cooperation [such that the EU can be considered as] a cooperative scheme in the normative sense’ (Viehoff 2014: 94). Moreover, their readiness to comply with accession criteria reflects Member States’ expectation to benefit from EU integration, thereby confirming the mutual advantage criterion of social cooperation. Finally, the choice for membership is voluntary.

There is, however, a major nuance: those fulfilling the requirements of social cooperation are states not individuals. Viehoff discards this, arguing that even if membership is not directly consented by each citizen individually (who may even have voted against membership), this is no less different in domestic institutions (Viehoff 2014: 94). This leads him to conclude that ‘all those who rely on the Rawlsian argument about fair cooperation domestically should be drawn to accept that substantive principles of justice apply at least to those goods that the EU jointly provides because arguments about fair reciprocity apply in this context’ (Viehoff 2014: 94). To understand, more specifically, what grounds the distribution of equal shares of resources to participants, and why some argue that this view justifies a bounded conception of justice, it is helpful to turn to Sangiovanni’s (2007, 2013) ‘reciprocity-based internationalism’, which he applied to the EU context.

3.4.2. Reciprocity-based internationalism

According to Sangiovanni, principles of fairness concern the distribution of benefits and burdens stemming from the joint production of a central class of collective goods ‘necessary to protect us from physical attack and to maintain and reproduce a stable system of property rights and entitlements’ (Sangiovanni 2007: 19-20). Individuals may interact and cooperate across borders, but what makes the state special – in the sense that it is the primary locus in which the full scope of egalitarian demands apply – resides in the fact that it has the ‘basic extractive, regulative and distributive capacities’ (Sangiovanni 2007: 20) necessary to provide the framework for the production of the goods up for distribution. Beyond state borders, then, demands of justice vary according to the kind of collective goods institutions generate as well as to the way these are produced (Sangiovanni 2013: 221).

In light of this, Sangiovanni considers that interpersonal demands of justice do not arise at EU level like they do at national level. ‘The reason is that European citizens rely to a far greater extent on the contributions, participation, influence of their fellow residents and citizens than they do on the contributions, participation and influence of EU citizens and residents generally. This is reflected in the fact that European citizens do not provide each other with the same range of collective goods secured at the domestic level’ (Sangiovanni 2013: 229). To justify his claim, Sangiovanni lists a series of limits faced by EU institutions: a small number of civil servants, a tiny budget, a lack of taxation powers, a lack of army or police, limited competences in certain areas, etc. (Sangiovanni 2013: 229). In sum, ‘the EU, on its own, does not have the financial, legal, administrative or sociological means to provide and guarantee the goods and services necessary to sustain and reproduce a stable market and legal system, indeed to sustain (on its own) any kind of

society at all [whilst, comparatively,] without the EU, Member States would forego a range of benefits, but they would not lose the capacity to govern' (Sangiovanni 2013: 17). But, whilst the same demands of justice do not hold, Sangiovanni identifies two different types of duties of justice at EU level: the first one applies to states, the second one to individuals.

'Member State solidarity', as he calls it, concerns the obligations between states. Sangiovanni identifies the current EU justice-deficit in terms of unfairness in the distribution of benefits and burdens of European cooperation between Member States. MS differ in their level of development, demography, welfare regime, taxation structure and face, as a result of EU integration, different risks and distributional consequences (Sangiovanni 2013: 228). Under his internationalist perspective, in which the state remains central, the EU must ensure that each MS maintains its internal capacity to uphold its commitment to national solidarity. Sangiovanni recognises the asymmetry of EU integration, its market-making bias, and its effect on national social systems, as well as the risk involved by free movement of persons and capital which impinges the welfare states' capacities to support generous redistributive schemes, as well as, finally, the risks involved with monetary integration (i.e. MS liability to exogenous economic shocks) which produce tensions among MS (Sangiovanni 2013: 224-228). To guarantee fair terms of cooperation, then, MS should insure themselves against the risks and losses (i.e. economic disadvantages) associated with EU integration (Sangiovanni 2013: 230). In practice, this means that MS should act in solidarity with each other through specific funds, which would operate in a similar way to the Structural and Cohesion Funds and be triggered under specific unforeseen circumstances, in order to maintain domestic ability to pursue justice. For example, he suggests an insurance fund to cover the losses incurred in case of asymmetric economic shocks in the Eurozone. In short, Member State solidarity entails mechanisms of risk-sharing against the potential hurdles associated with EU integration. This demands that they mutualise resources at supranational level such that the EU can provide systemic support in times of need.

Given the primacy of EU law over national law and its direct effect, as well as the civil, political and social rights associated with EU citizenship (see Bauböck 2017 for a review), Sangiovanni recognises that there are also transnational duties, that is to say, interpersonal duties between EU citizens (and residents) (Sangiovanni 2013: 232-233). However, the obligations of 'transnational solidarity' fall short of egalitarian demands of social justice. Rather, they simply entail that EU citizens should not impose an unreasonable burden on national systems of solidarity of other MS whilst enjoying their freedom of movement. To reconcile citizens' interests (i.e. free movement) without placing a burden on national solidarity, he ends up by suggesting an EU-funded scheme

(i.e. based on MS solidarity) to compensate MS that are ‘net importers of social assistance recipients’ (Sangiovanni 2013: 240).

3.4.3. *The EU contribution answer*

Are we then left with no options for egalitarian demands at EU level? Perhaps so. But Sangiovanni’s conclusions may be nuanced. Let’s recall that reciprocity-based justice derives equal shares from the joint production of essential public goods, including the ‘protection from physical attack’ and ‘a stable system of property rights and entitlements’. As Viehoff (2014: 95-98) argues in response, the EU provides a significant share of these goods. First, despite the lack of effective means for protection such as a police force or an army, through economic integration and integration by law, the EU has created the conditions for peace, which arguably plays an important role in protecting physical integrity. Second, through its internal market and its regulatory system (in particular its competition law), the EU surely contributes to the shaping of a system of property rights to an important extent:

EU competition agencies break monopolies; EU intellectual property law settles who can own what in the domain of intangible assets; EU consumer regulation determines what may be sold to consumers; EU corporate law limits liability and settles important issues regarding the rights and duties of company owners vis-à-vis employees, and so forth. (Viehoff 2016: 9).

Even if the EU does not have the same capacities for fiscal redistribution than its MS – recall that one of Sangiovanni’s argument is that the EU’s budget is too small⁹⁵ – it contributes nonetheless to upholding a system of cooperation shaping individuals’ opportunities within and across national borders, by other means. Taking all goods into consideration, then, it is fair to argue that the EU plays at least *some* role in upholding the relevant collective goods and in maintaining a scheme of social cooperation shaping the prospects of individuals *directly*, and not only through their Member States. As such, it seems implausible to claim that no interpersonal demands of distributive justice whatsoever can arise at EU level from the perspective of social cooperation.

3.5. *Summing up*

Until now, I discussed three different versions of bounded justice which underpin the challenge of solidarity. After relativising the common identity view, I rejected it altogether. When considering the political view and the social cooperation views, I showed that there are strong reasons to hold that the EU displays the preconditions demanded by these two versions of bounded justice. Even if these may be less comprehensive than those existing at domestic level, the discussion shows that

⁹⁵ The EU budget is capped at 1,23% of EU GDP, whilst MS’ budgets, expressed in percentage of national GDP, are about 40 times higher (Sangiovanni 2013: 229).

the objections of bounded justice are not strong enough to discard *any* demands of justice at EU level. But it does not entail a transfer of welfare competences to the EU level. Instead, the discussion has opened the door for conceiving *some* distributive role at EU level, which I shall shortly determine in a conservative way.

If some redistribution may be justified at EU level, the challenge, then, is to find a way to accommodate the democratic character of the EU. A multi-tiered conception of justice in which MS remain the central locus for the pursuit of justice whilst being supplemented by an EU welfare layer that remains non-intrusive in national welfare arrangements seems to provide a good avenue. And a modest European universal basic income offers just a suitable instrument to materialise such a conception, as I will now argue.

4. The EUBI and multi-tiered EU justice

So far, I was only able to show that the challenge of solidarity does not provide a knock-out argument against a more active and distributive role for the EU. In this section I wish to provide a sufficientarian perspective of EU justice, built in a multi-tiered fashion, combining national and EU levels as two complementary layers. Given the indeterminacy of EU demands of justice, I take a conservative approach and argue that duties of justice at EU level should respect a sufficientarian standard, that is, making sure that all EU citizens and residents have ‘enough’ to live on or, in other words, that they can enjoy a social minimum. I suggest that the EU acts as a complementary welfare layer providing a modest EUBI such that, in combination with its Member States’ action, all Europeans meet the sufficientarian standard. I then show why the EUBI would be compatible with both international and transnational dimensions of the EU’s democratic framework.

4.1. *EU sufficientarian justice and the EUBI*

4.1.1. *Defining the sufficientarian threshold*

From a sufficientarian perspective, what is morally objectionable is not that people have *less* than others but the fact that they have *too little* (Frankfurt 1987: 32-33). Sufficientarianism is thus preoccupied with the distribution of resources so that every individual is able to reach a minimal threshold satisfying a specific standard. As such, in analogy with Rawls’ *maximin* kind of egalitarianism, the sufficiency view rests on a *satismin* form of egalitarianism, that is a satisfaction of the minimum (Gosseries 2001: 467).⁹⁶ Sufficientarianism may be more or less demanding

⁹⁶ For those holding a sufficientarian conception of justice, above that threshold, the views diverge: some contend that there would be no obligation of justice whatsoever whereas for others demands of justice would be of a different kind (see Casal 2007 and Gosseries 2011 for a review). This is why the doctrine of sufficiency is also appealing to those who

depending on where the threshold is set (Widerquist 2010). I take it here that the right to a minimum level of resources, as proclaimed in the European Charter of Fundamental Rights (art. 34(3)), recommended by the Council (1992), and jointly proclaimed by the institutional triangle (EU 2017) when adopting the Social Pillar (art. 14), is a conservative measure for a sufficientarian standard, and a rather uncontroversial one at EU level.

But more precisely, how should the sufficientarian threshold be defined? Although his proposal differs from mine, Ferrera has recently proposed a sufficientarian conception of the EU's distributive role which aim is to offer a 'benevolence-based solidarity anchored directly to the EU' (Ferrera 2017: 65).⁹⁷ He suggests that the minimum standard should be based on indicators of absolute poverty such as reference budget standards. I prefer a relative measure provided by the AROP threshold (i.e. based on 60% of the national median income). As the recognised standard poverty line, it encompasses a clear pan-European commitment to resorb poverty in a similar fashion throughout the EU, whilst taking into account the local standard of living. This makes sense if the idea is to guarantee a social minimum to all, in cooperation with MS. Moreover, the AROP indicator is not a threshold covering basic needs, but a gauge of the minimum necessary to participate in the life of each MS. As such, it takes income disparities into account and embodies an income-equivalent measure of social inclusion. More practically, whilst reference budget standards offer an accurate (possibly more demanding) measure of subsistence, the methodology for international comparative assessment of national reference budget standards is not yet operational (see Storms *et al.* 2013, Penne *et al.* 2016). The AROP threshold, by contrast, is already fully operative.

4.1.2. *The EUBI and multi-tiered EU justice*

Against this backdrop, the pursuit of a multi-tiered EU justice could be conceived in the following way. In accordance with the principle of subsidiarity, Member States remain the primary locus for social protection (and can organise it as they see fit), but the EU completes their action by distributing a modest European universal basic income (EUBI) such that, together with its MS, they guarantee all Europeans a social minimum. In other words, MS preserve their national autonomy in defining how they wish to pursue their internal conception of justice, but the EU imposes a minimal sufficientarian threshold under which no one can fall, and to which it

consider that there might be more demanding obligations of social justice between citizens of a same state and only requirements of 'minimal justice' of a sufficientarian kind in the global context, as I already mentioned in section 2.1.

⁹⁷ Ferrera (2017) suggests an EU-wide last-resort social assistance scheme. Notwithstanding the improvement compared to the status quo, this scheme amounts to a European guaranteed minimum income fund of the kind I presented and evacuated as a less promising possibility than the EUBI in chapter one (section 6.2.2.). Therefore, I do not discuss this option here again.

contributes effectively. It should be clear, on that account, that the approach undertaken here is not predicated on the implementation of a basic income at national level, even if there may be a good case for it, as the discussions in the last two chapters have revealed. It is, instead, predicated on the idea that all Europeans should be guaranteed a decent standard of living, to which the EU would thus contribute by supporting MS on a systemic level via an EUBI.

Bearing this in mind, then, the EUBI is a partial basic income granted to all Europeans, providing a minimum level of security to all and completed by national social models to meet the sufficiency standard. In light of the definition used in chapter two (section 3.2.), the EUBI can be defined as follows:

The EUBI is a periodic and partial cash payment paid by the European Union to all citizens and legal residents living within its borders on an individual basis, without conditions of resources or work requirement.

The EUBI should be partial as it is not the role of the EU to provide, on its own, an adequate social minimum. Moreover, just as the standard poverty line varies in each country, its level should reflect differences in purchasing power, whilst being uniform for all those residing in each Member State (see chapter five, section 4.2.). It should involve both citizens and legal residents since residents participate in the social scheme of cooperation upheld by the EU legal and institutional regime and are subject to the authority of EU supranational institutions. The EUBI's double unconditionality (absence of means-test and work-test) is desirable for practical reasons, since it reduces the administrative costs that a means-testing instrument would entail and avoids the need to harmonise national eligibility conditions. But this is also necessary for the EUBI to be a minimally disruptive instrument, respectful of national autonomy in social matters (see next section). Furthermore, as highlighted in chapters two and three, the EUBI seeks to provide a more emancipatory and inclusive form of social support, avoids the typical problems faced by existing forms of guaranteed minimum income (GMI) such as social stigma and the poverty trap, and lowers the pressure of multidimensional forms of economic insecurities that typically characterise the precariat. As such, the instrument of pan-European solidarity embodies a drastic change of approach in EU anti-poverty policies.

The pursuit of multi-tiered EU justice, then, combines national solidarity with pan-European solidarity. Since the EUBI is an individual-centred instrument, pan-European solidarity simply means transnational or interpersonal solidarity. If it is funded out of the EU's own resources, pan-European solidarity would gain in coherence as the funding scheme would relate to the argument that the EU contributes to the scheme of social cooperation in which EU citizens evolve. It is also

possible to fund it through national contributions. In this case, despite being an individual-centred device, pan-European solidarity becomes, in effect, a form of Member State solidarity. As Sangiovanni suggested, we have good reasons to organise inter-state transfers to maintain internal redistributive capacities. In the case of the EUBI, however, these transfers would not be based on an insurance device but on redistribution since it is, by definition, a permanent and regular payment (I discuss these differences in chapter five).

How does this perspective of multi-tiered EU justice relate to the democratic character of the EU? According to Nicolaïdis (2012: 258), ‘there is no necessary tension between the preservation of pluralism and a common purpose expressed through common projects [...]: the question is *how* such projects are implemented to respect the plurality of peoples’. With this in mind, I show in the next two sections, why the EUBI would be desirable to preserve domestic justice without infringing on national autonomy whilst strengthening the transnational dimension of the EU project by supporting EU social citizenship.

4.2. Preserving domestic justice

Preserving domestic justice is best understood through the internationalist lens according to which, in simple terms, the pursuit of justice beyond borders is to facilitate the achievement of justice within them (Ronzoni 2016: 8). From this perspective, then, states may agree to surrender formal sovereignty in certain fields if it allows them, through the newly created institutions, to gain jointly in problem-solving capacities, that is, in effective sovereignty (Ronzoni 2009). In other words, this means that states may agree to the development of supranational (regulatory or distributive) institutions if it can help to support their own welfare arrangement. This was the view of the founding fathers, for whom economic growth through integration in the single market would be accompanied with social progress and cohesion at national level (Vandenbroucke 2017d: 22). This is also the approach taken by Sangiovanni when he argues that the point and purpose of the EU is ‘to *strengthen* its constituent Member States in an era of globalisation. It is, more precisely, an attempt to support the interests of each of its Member States in enhancing both growth and internal problem-solving capacity (including the domestic commitments to national solidarity) against a background of regional stability’ (Sangiovanni 2013: 228).

From this perspective, then, the EUBI must offer a way to simultaneously respect Member States’ autonomy in designing their own social model and improve (or at least maintain) their very capacity to do so. Considering the former, an EUBI functions simply as an income floor on top of which and against which each national arrangement can be attuned. The EUBI is thus a minimally disruptive institutional device as it does not require the harmonisation of eligibility conditions nor

a common operational definition of income and is therefore compatible with a national collective autonomy in social matters. The level of its intrusiveness will, ultimately, depend on the funding scheme chosen but the cost that the latter might incur to MS must then be weighted against the benefits of the scheme which I shall specify shortly. Let's note first that the EUBI's respect for Member States' autonomy is recognised by two known internationalists defending a democratic conception of the EU, Bellamy and Lacey (2018: 1418), who recognise that, '[b]eing set at a relatively low level, while claiming no other competences for welfare programmes supranationally, a European basic income would only modestly interfere with the national administration of welfare regimes, providing each state with a wide scope for adjusting its welfare policies'.

With respect to the EUBI's role in strengthening national capacities, two main reasons can be invoked. The first relates to the scheme identified by Sangiovanni, that is, a mechanism of risk-sharing in face of asymmetric shocks in the Eurozone. I deal with this at length in chapter five, so I do not elaborate on it more than required here. It is simply necessary to note, at this stage, that the EUBI offers one way, among others, for MS to insure each other against the risks involved in monetary integration, which implies that MS have lost sovereignty over monetary policy, are vulnerable to financial market distrust, face the stringency of the EU's macroeconomic governance and thus see their built-in shock absorbers severely constrained.

The second reason relates to the pressures induced by EU free movement law. The legal enforcement of the four freedoms provides new 'exit' and 'entry' options in and out of national boundaries thereby constraining Member States' capacity to 'lock-in' agents and to extract the resources required for redistributive policies. Looking first at the free movement of people, low-skilled workers moving from a MS with lower social standards to another one with more generous welfare system may, in the absence of sufficient regulation, put pressure on local working conditions or result in an inflow of welfare recipients ('benefit tourism'). The EUBI, then, would reduce incentives for migration by ensuring higher economic security in the country of origin. As such, the EUBI provides another, simpler, way to organise the second scheme proposed by Sangiovanni, that is, an EU-funded scheme to compensate MS that are net importers of social assistance recipients. This potential benefit of the EUBI is also emphasised by Bellamy and Lacey (2018: 1417-1418), who consider that 'such a basic income would have the advantage of reducing the likelihood of some negative behaviour that a free movement regime might engender. For example, it would make 'social dumping' less attractive to workers and 'benefit tourism' less appealing to potential claimants'.

Another major source of pressure faced by national systems of solidarity relates to capital mobility. Faced with unfettered capital flows facilitated by technological progress and monetary integration, capital mobility limits national extractive capacities. But the distribution of the opportunity for exit is also unequal, leading more powerful actors to influence policy makers. As noted by Bartolini, the cost of exit ‘varies and, therefore, not all actors have the same possibilities and opportunities for exit. This leaves open the possibility that the dissatisfied-mobiles—those who might exit—make the organization particularly sensitive to their needs, and, indeed, so much so that the organization tries to anticipate the course of action that will most likely prevent their exit’ (Bartolini 2007: 34). The risk of fiscal dumping is also anticipated and internalised by policy makers: ‘the increased mobility of capital, that is, its capacity to skip (even virtually) between jurisdictions, [...] has a direct effect on the willingness of nation states to enact (and on their capacity to enforce) legislation or regulations that restrict or temper the power and potential of capital’ (de Witte 2015: 32-33). Evidence shows that, under these circumstances, tax competition between EU Member States led to significant fall of effective corporate tax rates in the last decades (Streif 2015).

All these different features affect the option span for policy choices in matters of tax and spending decisions and, through this, the effective pursuit of justice at national level, as these ‘structural processes have gradually divorced the political authority to answer the social question from the administrative control required to implement it’ (de Witte 2015: 32). In face of these dynamics, in order to support national effective sovereignty – that is, to sustain its problem-solving capacity – it is necessary to lift some redistributive aspects at EU level. By providing another source of welfare at EU level, the strains of labour and capital mobility would be reduced. But the positive impact of the EUBI would be strengthened if it is funded out of the proceeds of a Europeanised corporate tax and a financial transaction tax for example. The strength of the EU’s systemic support in this case is double: the source of funding reduces the risk of fiscal dumping at its source and its redistribution through an EU-wide basic income helps to support national systems of solidarity, which would still face a series of other challenges already mentioned as well as the risk of capital exit at global level.

Against this backdrop, it seems that a modest EUBI would be able to support European welfare states whilst respecting their plurality. As such, it offers a way to reconcile what Vandembroucke (2017d: 41) calls the ‘irreducible dualism’ of national and transnational solidarities.

4.3. *EU social citizenship*

Until now, as noted by Ferrera (2015: 65), the ‘transnationalisation [of solidarity] has been produced, politically speaking, in a ‘parasitic way’: not through allocations, that is the creation of

new social entitlements supported by dedicated resources, but only through coordinative adjustments that have forced the opening of the national social spaces'. As an individual-centred device of pan-European solidarity distributed to all Europeans, the EUBI develops the transnationalisation of solidarity in a non-parasitic way (as shown above) whilst embodying a strong commitment to the social rights element of EU citizenship, which is currently lacking besides its economic and political dimensions.

As shown by de Witte (2015: 51-52; 61-69), EU law has created a series of transnational claims of justice. In particular, the right to the freedom of movement embodies a commitment to individual freedom by extending the capacity for Europeans to pursue their own conception of the 'good life' through free movement beyond national borders. Moreover, the right to non-discrimination on the basis of nationality embodies a demand for equal citizenship. Thus, within the EU external borders, EU law has created a 'social citizenship space' in which all bearers of EU citizenship or long-term residents may enjoy access to benefits and services anywhere in the EU, according to local rules (Ferrera 2015: 49).

Yet, access to the EU's 'opportunity structure' remains unequal, as testified by the asymmetry between workers and non-workers' right of free movement: European law allows the restriction of the freedom of movement if someone lacking sufficient resources risks becoming 'an unreasonable burden' for the host Member States' social assistance scheme (Directive 2004/38/EC: recital 10). From a normative account of the EU as a democracy, this is legitimate: 'EU citizenship should expand the rights, opportunities and obligations of all citizens via Europeanised national citizenships, without superimposing an autonomous new 'citizenship granting and monitoring' authority' (Nicolaidis 2013: 365). On this account, the EUBI would provide substance to EU social citizenship without infringing on national MS organisation of welfare rights, that is, without having social rights associated with national citizenship or residency be constrained by the demands of supranational citizenship.

More fundamentally, the EUBI would grant a modicum of economic security that enables one, not only to decide to stay in her own country (as was suggested in the previous section), but also to have the real opportunity to move beyond borders if she wants to. As such, the EUBI may reduce emigration by constraint but support emigration by choice. In other words, the EUBI may accompany the aspirational promise of EU's opportunity structure by making it a more tangible, or at least more secure, reality.

The expression of social citizenship via EUBI may be even more coherent and strengthened if the basic income is funded out of the EU's (new) own resources, that is to say, resources linked with the benefits of EU integration. One can imagine the already Europeanised VAT, but also, as mentioned earlier, a European corporate tax or a financial transaction tax. In this way, the EUBI embodies a link between European integration and the distribution of its benefits to all Europeans. Establishing such a connection between resources and citizens is not only coherent in light of EU multi-tiered justice, it may also enhance the EU's legitimacy, as argued by Maduro (2013: 118): 'the easier (and more legitimate) path to European solidarity will come from establishing a link between the wealth generated by European integration and the requirement to distribute it fairly'. It also shows that the international and transnational dimension needs not be in conflict if the EU adopts a more active role through an EUBI on a sufficientarian basis. Of course, given the fact that the EUBI would be partial, it represents a modicum of social citizenship which would come nowhere close to what exist at national level. But it would be tangible, highly recognisable and express a direct link between EU institutions and those living within the Union's borders.

5. Conclusion

In this chapter, I addressed the challenge of solidarity according to which the EU lacks the preconditions necessary to achieve distributive justice at the supranational level and argued that this objection was not decisive. I then defended a multi-tiered conception of EU justice characterised by national and pan-European solidarities and proposed a sufficientarian standard applying at EU level. I argued that a partial EUBI would support the internationalist aim of maintaining national commitment to domestic justice whilst providing substance to the EU social citizenship. I made no claim that the EUBI is the only desirable instrument in face of the vulnerabilities of MS under the current EU setting, but simply showed that, all other things kept equal, the EUBI may improve the situation in significant respects and, most importantly, that it fares well on a wide range of accounts.

On that basis, if one accepts the arguments presented so far, it is now necessary to confront the EUBI to what the political economist would typically answer in face of current social imbalances: 'you may have shown that the EUBI cannot be ruled out at European level, but what is needed is not a pan-European instrument of redistribution. Instead, what is required is an instrument of macroeconomic stabilisation'. With this in mind, I now turn to the 'challenge of stabilisation'.

CHAPTER FIVE: THE CHALLENGE OF STABILISATION

1. Introduction

I have now established that an EU-wide distributive role cannot be ruled out and argued that such an approach is best conceived in sufficientarian terms, with the EUBI acting as an instrument of both inter-state support and an instrument of individual emancipation within the ‘opportunity structure’ that the EU offers. It is now necessary to confront the perspective taken by many EU scholars and policy makers alike who consider that, to re-vamp the European social dimension, the European Union, and the Eurozone in particular, need not an instrument of redistribution but an instrument of macroeconomic stabilisation. In other words, they hold, from an economic perspective, that Member State solidarity in the form of an inter-state insurance mechanism is the key to support the Union’s welfare states. From this perspective, in face of the social disparities exacerbated by the euro crisis, convergence and stabilisation must go hand in hand, and redistribution is unnecessary. In light of this, the EUBI must now face ‘the challenge of stabilisation’, which runs as follows: *to improve its social dimension, the EU needs to support national welfare states through an inter-state insurance device of macroeconomic stabilisation, not an instrument of redistribution. Hence, the EUBI is inappropriate.*

Dealing with this objection is key as illustrated by a broad literature on the need for a European fiscal capacity typically based on a mechanism of inter-state insurance in which the idea of a European unemployment benefit scheme (EUBS) takes a central place.⁹⁸ Moreover, basic income advocates claimed that the EUBI could play a role of macroeconomic stabilisation, despite being an instrument of redistribution (Van Parijs 2012a; Van Parijs and Vanderborght 2017: 230-241; Viehoff 2016: 16-17), an argument I also made in chapter four. Since the need for a fiscal union providing macroeconomic stabilisation is primarily associated with the need to ‘complete’ the EMU, this objection also allows me to relate the EUBI to current economic debates on the matter. In addition, it gives me an opportunity to develop further the distinction between Member State solidarity and transnational solidarity in a more concrete setting which can be characterised by two opposing views focusing primarily on economic stabilisation or on social cohesion. Finally, it allows me to clarify the place of the EUBI on the scope question, that is to say, the EMU-wide versus EU-wide perspectives.

⁹⁸ See European Commission (2017c), Andor (2013, 2014a and 2017), Andor *et al.* (2014), Beblavý, Gros and Maselli (2015), Beblavý, Marconi and Maselli (2015), Claey's, Darvas and Wolff (2014), Dullien (2013, 2017), Lellouche and Sode (2014), Vandenbroucke (2017a,b,c,d and forthcoming), Vetter (2014). See also Moro (2016) for a survey of the literature.

Bearing this in mind, my central aim in this chapter is to show that the EUBI is not vulnerable to this objection for two main reasons. First, I argue that the EUBI does have a stabilisation impact, albeit minor, thereby relativising the strength of the objection. To make this claim, I rely on a comparative approach between the EUBS and the EUBI, as it offers a useful way to highlight the stance taken by those favouring insurance-based support and to reveal the relative strengths and weaknesses of the EUBI on the matter. Second, I argue that the EUBI is not meant for stabilisation, it is by definition an instrument of redistribution designed for social cohesion, that is to say, to address social disparities within and between Member States.

The chapter is organised as follows. In section two, I establish the case for a fiscal union in the Eurozone as it provides the grounds on which those advocating stabilisation rely, before spelling out the objection. In section three, I briefly present the EUBS and compare it with the EUBI based on a set of criteria typically advanced for an effective macroeconomic stabiliser. I end this section by arguing that stabilisation is necessary but insufficient given the limits of the stabilisation approach for social purposes. In section four, I then turn to what the EUBI is primarily made for: improving social cohesion through economic security. I show the impact of a modest EUBI at individual level, present a rough estimate of the cross-border redistributive effects, and argue that the EUBI offers a way to flesh out some of the principles of the European Social Pillar. In section five, I end this chapter with a brief suggestion to see the EUBS and the EUBI as complementary measures. Section six concludes.

2. The case for macroeconomic stabilisation⁹⁹

Those arguing in favour of an instrument of macroeconomic stabilisation base their claim on the need to complete the monetary union. My aim in this section is thus to show why some kind of fiscal union, providing stabilisation, is a functional requirement in the EMU, and why it matters when it comes to improving the social dimension of the European project.

2.1. The OCA theory and the EMU

Much of contemporary discussions about the need to reform the governance of the Eurozone have been influenced by the theory of optimum currency areas (OCA).¹⁰⁰ In short, OCA theory weighs the costs of surrendering control over monetary policy against the benefits of membership of a

⁹⁹ This section relies mainly on Jager and Hafner (2013), De Grauwe and Ji (2017) and De Grauwe (2013, 2018).

¹⁰⁰ The theory was pioneered by Mundell (1961) and further developed by McKinnon (1963) and Kennen (1969). For a survey of the more recent development in the literature, see Mongelli (2002). See also Feldstein (2012) and De Grauwe (2013) on design failures of EMU. For a comprehensive analysis of the economics of monetary unions applied to EMU, see De Grauwe (2018).

currency union, which is to mitigate asymmetric shocks.¹⁰¹ An asymmetric (or idiosyncratic) shock occurs when some members of the monetary union experience a recession while others are relatively less impacted, left unaffected or experience an economic upturn. The theory stipulates three important conditions for a currency union to form an OCA.

The first condition concerns the similarity of economic structure, that is, the degree of *symmetry* between economies joining in a monetary union, measured by movements in output, employment, wage and price levels. Asymmetry can be the result of differences in the rate of productivity growth or inflation, different trends of industrial specialisation, or other institutional and structural factors. Symmetry matters because divergent economic trends increase the vulnerability of member countries in face of idiosyncratic shocks and make a common response difficult given the heterogeneity of their preferences. The second condition concerns the degree of *flexibility* of labour and goods markets, characterised by the degree to which prices and wages can be easily adjusted and the degree of cross-border mobility of the labour force. These two conditions are best explained in terms of trade-off: the lower the degree of symmetry, the higher the need for internal adaptability (understood as price and wage flexibility and/or labour mobility), to make a monetary union economically attractive. Two strategies can be pursued at this stage to make a currency union less costly: increase the degree of symmetry or increase the degree of flexibility.

In terms of symmetry, EMU countries display high differences in economic growth and inflation rates, in labour market productivity rates and governments' debt ratios, they are characterised by important social imbalances in income levels and unemployment rates, and exhibit differences in legal systems (e.g. in mortgage systems) and in their labour-market institutions (e.g. the organisation of wage-bargaining systems), as well as in the organisation of tax-and-transfer systems and public spending (De Grauwe 2018: ch. 2). Moreover, the evidence shows that the introduction of the euro has increased industrial specialisation (Persson 2011), while the crisis has reversed the 'convergence machine' that the EU used to be (EC 2017b: 8). Assuming that there are limits to diversity a currency union might be able to accommodate, the first strategy recommends increasing convergence through, for instance, the establishment of common standards for labour market policies (Vandenbroucke 2017b). Yet, although increasing symmetry seems necessary, it is insufficient on its own given the diversity of European economies and may prove difficult to obtain in practice, because of the barriers to positive integration highlighted in chapter one.

¹⁰¹ The OCA theory is thus mostly concerned with the cost side of the cost-benefit analysis of joining a currency union. For an analysis of the arguments on the benefit-side, see De Grauwe (2018: 55-72).

The prospects for the second strategy are not much more promising. Despite the trend towards more flexibility highlighted in chapter one, European countries still have labour market rigidities because of the institutionalisation of minimum wages, the existence of unemployment benefits which create a range of differential reservation wage floors, as well as the importance of collective bargaining institutions. Moreover, labour mobility across EU borders is particularly low due to large institutional, cultural and linguistic barriers. This is one of the reasons why EU policy prescriptions on so-called ‘structural reforms’ to make labour markets more flexible are central in the Eurozone governance since the start of sovereign debt crisis in 2010. However, increasing the degree of flexibility in the EMU, although appealing from a purely economic perspective, is likely to produce important social costs for those who have to bear its consequences (i.e. face wage cuts and/or be forced to emigrate), even if some advocate be a ‘high road’ to labour market flexibility that would somehow mitigate these social costs (Vandenbroucke 2017d: 13).¹⁰² The third OCA criterion might offer a more promising avenue.

The third condition for a monetary union to form an OCA rests on the existence of a *fiscal union* that is, a system of fiscal transfers from members of the union experiencing favourable economic conditions to those facing an economic downturn. Put differently, this points to the institutionalisation of some insurance mechanism of macroeconomic stabilisation at the level of the union. The existence of such a fiscal union implies a second trade-off: the higher the capacity of fiscal transfers to absorb asymmetric shocks, the lower the need for flexibility. In other words, despite low symmetry and low flexibility, the EMU can still form an OCA if it builds the adequate fiscal capacity. This also shows that increasing flexibility and instituting a transfer union are not necessarily mutually exclusive. The EMU lacks such a mechanism and is typically considered as an ‘incomplete’ monetary union (De Grauwe 2018: 83), which makes it vulnerable to financial markets and potentially unsustainable.

2.2. *An incomplete monetary union*

It was long assumed that making the EMU more sustainable could be achieved through structural reforms focused on increasing the degree of flexibility, that the European Central Bank’s focus on price stability would be sufficient to ensure financial stability and that Maastricht criteria would ensure convergence between economies of the euro area while a three percent budget deficit would

¹⁰² According to Vandenbroucke, these social costs depend on the kind of flexibility pursued: one should make a distinction between a ‘low road’ to labour market flexibility which points to the mere deregulation of labour markets and easy hiring and firing, and a ‘high road’ which is based on ‘a highly skilled and versatile labour force, adequate unemployment insurance and activation and training policies that facilitate transitions’ (Vandenbroucke 2017d: 13). While the latter approach is certainly more desirable than the former, it still needs to demonstrate how it can square the problems associated with the rise of the precariat in chapter one (section 3).

allow enough leeway to deal with asymmetric shocks at the national level (De Grauwe 2013). In short, besides stabilisation by the market, national automatic stabilisers would do the job, such that no fiscal risk sharing at EMU-level was deemed necessary. Whilst it is true that the stabilising effect of European unemployment benefits and income support schemes was crucial in the wake of the economic and financial crisis (Dolls, Fuest and Peichl 2012), their shock absorption capacity has also ‘systematically decreased’ since the introduction of the euro (Vandenbroucke forthcoming: 10). More importantly, the euro crisis revealed the ‘fallacy’ of the Maastricht assumption: ‘[e]ffectively, regional governments in a monetary union cannot provide a fiscal response to large and deep balance-sheet recessions because of the unwillingness of investors to finance external debt. National fiscal policy becomes ineffective’ (Wolff 2012: 5).

This conclusion is drawn from the implications of a loss of monetary sovereignty on a country’s capacity to finance its budget deficit. To understand why, let’s consider the following scenario. When a country is hit by a large economic shock, it can only adjust through internal devaluation focused on cost competitiveness, since it has relinquished its capacity to perform currency devaluation. This can induce a recession, affecting its output and employment levels negatively. National automatic stabilisers will smooth the economic downturn by supporting its citizens’ purchasing power. But the decline in GDP is accompanied by a decline in tax receipts while the rise of unemployment increases public expenditures, leading to a larger public budget deficit. A ‘stand-alone’ country can increase its debt to finance its deficit because its central bank will always be able to provide the necessary liquidity to repay bondholders. In contrast, for the member of a currency union, the situation is akin to that of a country issuing debt in a foreign currency as it cannot give its bondholders the guarantee that it will be able to pay them at maturity. If the shock is serious enough to have lasting effects, investors might fear government default and sell their bonds, thereby raising the interest rate and precipitating a liquidity crisis, which can in turn lead to a solvency crisis. With the rise of its debt burden, the government might be forced to institute budgetary austerity (i.e. reduce expenditure and increase taxation) in a recessionary context, which means switching off its automatic stabilisers (‘sudden stop’) and, in so doing, further amplify the recession. Given the political cost of austerity programmes, the government might stop servicing its debt and declare a default.¹⁰³

This scenario has important implications. First, in the absence of a transfer union, financial markets have more powers vis-à-vis national governments when they are in a currency union than when they stand alone. The lack of trust of financial markets indeed plays a crucial role in this situation

¹⁰³ For more on monetary integration and debt dynamics, see De Grauwe (2018: 8-19; 111-120).

as it is at the basis of the self-fulfilling dynamics at play. Second, in an economically integrated area, there is a risk that a demand shock in one country spreads to other countries through ‘spill-over effects’ (Beblavý Marconi, and Masselli 2015: 5). Third, it is likely that liquidity outflows in the country hit the hardest become inflows in countries of the union hit the least (‘capital flight’), such that the economic condition of the latter improves at the expense of the former. If this is so, not only does the debt crisis intensifies the initial negative shock for the country hit, it also amplifies disparities between Member States, making the whole system even more unsustainable. In an incomplete monetary union, this divergence becomes a source of polarisation which produces political problems: ‘the Eurozone became a club of creditors and debtors, which significantly enhanced the dominance of core countries, and especially those with AAA rating, over the deficit countries’ (Andor 2017: 149). Finally, an increase of divergence may lead to financial instability, which itself results in low investment, low economic growth, more competition between Member States and, ultimately, to the erosion of welfare states’ capacities. If a government loses the capacity to stabilise its economy and to protect its citizens against social risks – which are the essential roles of advanced welfare states and is therefore likely to affect its legitimacy – it is reasonable to ask whether such an incomplete monetary union is worth having at all. For all these reasons, the argument seems compelling: it is necessary to complete the currency union with a governance structure that would maintain and support national automatic stabilisers.¹⁰⁴

A final remark should be made here regarding the very nature of economic shocks in the Eurozone before turning to the objection. De Grauwe and Ji (2017) show that, since the introduction of the euro, growth variations in GDP were mainly driven by cyclical boom-and-bust dynamics and that these temporary business cycles were highly correlated (except for Germany). The asymmetry between ‘peripheral’ and ‘core’ countries of the Eurozone thus lies in the *intensity* (or the variance) of cyclical movements rather than in their lack of correlation. In other words, business-cycles move together for all member states but differ greatly in their amplitudes. While these findings do not make flexibility irrelevant, they have two important implications for the governance of the Eurozone that strengthen the case for a fiscal union: ‘[these findings] lead to the conclusion that efforts to stabilise the business cycle should be strengthened relative to the efforts that have been made to impose structural reforms’ (De Grauwe and Li 2017: 176). Second, since economic cycles are synchronised (i.e. correlated), a transfer union should not only be able to attenuate asymmetric

¹⁰⁴ Other important factors played a role in the euro crisis such as the lack of an integrated transnational capital market and the so-called ‘deadly embrace’ between national banks and national governments (i.e. national banks were the main bondholders of their national governments, while the latter were responsible for insuring their own banks, which raised financial market distrust). Thus, a capital market union and a (completed) banking union, designed to prevent the spread of a banking crisis across the union, would provide additional cross-borders insurance mechanisms (Juncker *et al.* 2015; European Commission 2017c).

shocks between countries, it should also be equipped with a capacity for intertemporal stabilisation of the business cycle. This points to the need for the fiscal union to accumulate surpluses in good times and deficits in downturns (i.e. a capacity to issue debt).

2.3. *The objection*

Against this backdrop, if the analysis is right, the case for a fiscal union appears compelling. Through the establishment of an insurance at the supranational level, the EU can uphold national social capacities for redistribution, sustain aggregate demand and prevent short-term economic shocks from turning into long-term divergence. There are various possibilities for a fiscal capacity in the Eurozone, but the European unemployment benefit scheme (EUBS), to which I shall turn shortly, takes a central place among those who support a fiscal capacity with explicit social purposes. The perspective adopted is one of convergence through stabilisation, that is, the adoption of an inter-state insurance mechanism designed to provide macroeconomic stabilisation supplemented by minimum requirements for national social protection policies in terms of ‘activation’, coverage, and adequacy (see e.g. Vandenbroucke 2017a, 2017b, 2017d, forthcoming; Andor 2017; Andor *et al.* 2014). From that view, then, what is required to support the European social dimension is

a union of national welfare states [which] primary purpose is not to organise interpersonal redistribution between individual European citizens across national borders; the main mechanisms of solidarity that the EU now needs to develop are between Member States; they should refer to insurance logics rather than redistribution [...]. (Vandenbroucke 2017d: 4)

This echoes what I discussed in chapter four in terms of Member State solidarity versus transnational solidarity, but the discussion is now placed in the more concrete realm of economic arguments. In light of this, an instrument of redistribution such as the EUBI is both more demanding in terms of solidarity and arguably less efficient in terms of macroeconomic stabilisation. As Vandenbroucke (2017c: 21-22) argues, ‘a pan-European basic income is mainly a redistributive instrument, with at most a minor stabilising impact; a European re-insurance of national insurance schemes is a cooperative scheme based on the mutual benefit of insurance, and explicitly not redistributive’.

From this, it is possible to spell out what I refer to as the ‘challenge of stabilisation’: to improve its social dimension, the EU needs to support national welfare states through a macroeconomic stabilisation device, which is best conceived as an inter-state insurance mechanism completed with minimum social standards, not an instrument of redistribution. Hence, the EUBI is inadequate.

3. The EUBI and macroeconomic stabilisation

To address this claim and assess the strength of the EUBI as a macroeconomic stabiliser, I now compare it to the EUBS. I start this section with a justification of my choice to use EUBS for comparative purposes and explain the main features of its two variants. I then establish a series of criteria necessary for an efficient macroeconomic stabiliser and evaluate how the EUBI fares according to them relatively to the EUBS.

3.1. *The European unemployment benefit scheme*

3.1.1. *Why focus on the EUBS?*

Among the various measures proposed to establish a European transfer union, the European unemployment benefits scheme (EUBS) has become particularly popular among politicians and academics.¹⁰⁵ The basic idea of the EUBS is to organise EMU-wide (or European-wide) support to national unemployment insurance schemes, that is, to establish a public inter-state insurance mechanism. Such a mechanism makes sense because labour markets constitute one of the main sources of divergence between E(M)U countries. Furthermore, according to Beblavý, Marconi and Maselli (2015: 11), the EUBS is considered as the most attractive option among the array of possible instruments of macroeconomic stabilisation for the following reasons.¹⁰⁶ First, it is a type of expenditure which is typically anti-cyclical, as unemployment tends to rise in economic downturn. Second, it provides a quick and automatic way to support income when recession kicks in. Third, it represents a kind of expenditure that (presumably) has a high ‘multiplier effect’ because, by providing a replacement income, it allows households to sustain their consumption levels.

In addition, compared to other potential instruments that could play a role of stabilisation, the EUBS is not only (arguably) a more efficient solution, it also aims to provide a new role for the EU in social matters, just as the EUBI, because it ambitions to support those who bear a large part of the social costs in a recession, embodying something like a European social safety net. Moreover, since the EUBS is typically accompanied with minimum requirements for national systems of social protection, the comparison offers an opportunity to clarify whether the EUBI would also require minimum standards to work effectively.

¹⁰⁵ See European Commission (2017c), Andor (2013, 2014a and 2017), Andor *et al.* (2014), Beblavý, Gros and Maselli (2015), Beblavý, Marconi and Maselli (2015), Claes, Darvas and Wolff (2014), Dullien (2013, 2017), Lellouche and Sode (2014), Vandenbroucke (2017a,b,c,d and forthcoming), Vetter (2014). See also Moro (2016) for a survey of the literature.

¹⁰⁶ For a comparison with other kinds of stabilisers, see e.g. Beblavý, Marconi and Maselli (2015), D’Alfonso and Stuchlik (2016) and Wolff (2012). For example, one of the previously much discussed alternative, the ‘output gap’ alternative, seems to have been discarded as an unreliable mechanism (Dullien 2017: 161).

3.1.2. *Genuine and equivalent variants*

There are two main variants of the EUBS. A ‘genuine’ EUBS provides financial transfers directly from the supranational level to unemployed individuals. It partially replaces national unemployment insurance by providing benefits to short-term unemployed individuals during a limited period (between six months and a year depending on the versions) as a percentage of past earnings (figures vary between 40% and 50%) (see Dullien 2013 and Andor 2014a respectively). National welfare states remain free to top up the amounts and extend them in time according to their local standards. The scheme is focused on short-term unemployment because it mostly reflects cyclical movements, and leaves the responsibility of structural unemployment, which is assumed to be associated with skills obsolescence or ill functioning labour markets, to national authorities (D’Alfonso and Stuchlik 2016: 13). The scheme could be financed by transferring a share of workers’ contributions (payroll tax) – as proposed by Dullien (2013) and Andor (2014a) – or of employees’ contributions (corporate tax) – as proposed by Pisani-Ferry *et al.* (2013). It is, in effect, a genuine insurance because it ties the worker or employer’s contribution directly with the benefit paid to the unemployed worker.

The ‘equivalent’ EUBS or ‘reinsurance’ model organises financial transfers earmarked for unemployment support between the supranational level and Member States (Beblavý, Gros and Maselli 2015). The European fund is alimented by national contributions, based on a percentage of GDP (or another variable), and provides lump-sum transfers to MS in case of severe economic shocks. It is thus based on a trigger which is activated when the unemployment rate in a MS has reached a specific threshold. In short, the equivalent model is designed to absorb very large shocks only.

The two models offer different perspectives. The genuine variant aims at overall cyclical stability and thereby fares better with respect to the absorption of small national shocks. The reinsurance model is focused on major asymmetric shocks and would thus be activated only in specific circumstances, such that it would provide a much larger stabilisation effect for a smaller budget (Carnot 2017). In order to mitigate volatilities (intertemporal smoothing), both schemes would have to be able to accumulate surpluses and incur debt to finance deficits, but this is arguably easier to do in the case of reinsurance (Vandenbroucke 2017a). With respect to the social dimension, because it is based on a claim right for individuals, the genuine model is stronger and offers a more direct link between EU institutions and citizens. In terms of their scope, both schemes can be conceived at EU and EMU level. The functional requirements of monetary integration make it indispensable in the Eurozone in priority, but a larger pool of countries offers more risk mitigation.

The social dimension (more present in the genuine version) seems to be more closely associated to EU social citizenship and would therefore favour an EU-wide scheme. However, whether the EUBS is a euro area-specific or EU-wide scheme, it should be mandatory, as voluntary participation would create an adverse selection bias (Beblavý, Marconi and Maselli 2015).

3.2. EUBI vs EUBS

It is clear that, without a precise well thought through policy proposal, it is difficult to offer a robust analysis of the EUBI as macroeconomic stabiliser. However, the proposal made by Van Parijs and Vanderborght provides a useful basis, sufficient to assess a number of features of the EUBI: it fits the definition made in chapter four (i.e. a partial UBI in complement to national social models) and these scholars have themselves claimed that it would be a good way to establish a transfer union (Van Parijs 2012a; Van Parijs and Vanderborght 2017: 230-241). The two scholars propose to fund the EUBI via an increase of the EU-wide VAT rate (from 0,3 to 19%) applied to the harmonised value added tax base of all EU Member States. Such a scheme would generate an amount of 200€ per person and per month. This is an average figure such that it would be adjusted according to national purchasing power and, therefore, higher in Luxembourg and lower in Romania for instance. This amount combined with national schemes may fall short of my sufficientarian account but, to assess the claim that the EUBI can play a role of stabilisation, what matters mostly are its defining features, not just its level.

To assess the relative strengths of the EUBI, one needs to identify the desiderata set for a union-wide shock absorber which primary objective is to support national stabilisers in face of country-specific and/or area-wide shocks, that is, to provide economic stabilisation. According to *first-order parameters*, the quality (efficiency) of a European macroeconomic stabiliser should fulfil the following conditions: it needs to be anti-cyclical, it needs to be automatic and its size should be sufficient to mitigate shocks. Its robustness can then be further evaluated in face of *second-order obstacles* including its capacity to mitigate the risk of moral hazard and ‘permanent’ transfers, as well as the degree of harmonisation or convergence necessary. It must be noted that, when referring to macroeconomic stabilisers, the expression ‘permanent transfers’ (or ‘lasting transfers’) means that transfers would be going in one direction only, from net contributors to net beneficiaries, over a certain period of time, because the asymmetry would be lasting. The aim should rather be, so as the argument goes, to have a scheme that is budgetary neutral in the long run (Beblavý and Lenaerts 2017: 25-27). With this in mind, I evaluate these criteria in turn.

3.2.1. *Anti-cyclicality*

The case for the EUBS was made on the grounds that unemployment benefits are anti-cyclical *in nature*: a serious deterioration of economic conditions will tend to produce a rise of the unemployment rate and, thereby, a loss of income. A scheme designed to trigger transfers in the event of this negative state of affairs by providing a replacement income is thus inherently anti-cyclical. By contrast, the universal basic income is a constant flow of income given periodically and unconditionally to all members of a political community. Surely, an EUBI would support aggregate demand by providing additional purchasing power to everyone, in or out of employment, and would also support wages in case of a country's internal devaluation. But it is not directly tied to unfavourable circumstances nor to the country's wage levels, such as other forms of income replacement, and has, therefore, less impact on stabilisation, as pointed out by Vandenbroucke (2017c: 20): 'a transfer that always supports household incomes, whether or not people are hit by unemployment, has much less power in terms of stabilisation: the benefit provides a steady stream of income, but the income loss, created by the loss of one's job, is not compensated for'. At first sight, given its inherent characteristics, the EUBI seems to score low on anti-cyclicality.

Nevertheless, this statement can be modestly nuanced. The aim of an anti-cyclical scheme at European level is to support aggregate demand by maintaining national automatic stabilisers, that is, to avoid their 'switching off' when governments face a rise of their budget deficit and are forced into austerity. The EUBS achieves this by providing direct funding of individual benefits (genuine variant) or through a dedicated lump-sum transfers (reinsurance variant). The extent to which the EUBI can constitute an anti-cyclical measure should thus be appreciated through its capacity to support existing systems of social protection. In their proposal, Van Parijs and Vanderborght imagine the following scenario, which is worth quoting at length:

The dividend will form the bottom layer of all existing benefits, with the rest subsisting, if their current level is higher, in the form of conditional tops-ups [...] it can be viewed as equivalent to a uniform tax credit that would replace standard tax exemptions on the lower income brackets of every income tax payer. Hence, national budgets would benefit from no longer having to cover the bottom 200 euros of all benefits, and from the suppression of corresponding expenditures [...] [In case of an asymmetric shock], the fall in [public] revenues is reduced because part of the reduction in the yield of the country's VAT is spread all over the European Union. And the increase in expenditure is reduced because the bottom layer of the incomes of households hit by unemployment takes the form of a eurodividend funded at EU-level, with only the country-level top-ups needing to come out of national revenues. Thus, the fact that the volume of EU-funded benefits paid out in a country hit by a shock would remain unchanged does not prevent the scheme from having a stabilising effect. (Van Parijs and Vanderborght 2017: 240)

In this case, the EUBI can indeed have an anti-cyclical stabilisation effect. However, it is likely to remain less efficient than an EUBS, as pointed out by Vandenbroucke:

With a view to stabilisation, VAT is less adequate than funding systems based on personal income taxation or social security contributions ... 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) stabilisation 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. (Vandenbroucke 2017c: 21)

According to anti-cyclical, then, the EUBI does fare well but it fares lower than the EUBS. However, this is valid only so long as it is not funded on another source, such as the corporate tax. The latter may, as argued in chapter four (section 4.2.), reduce instability at its source by containing the risk of fiscal dumping. The strength of the EUBI as macroeconomic stabiliser thus also depends on the type of instrument used for funding it.

3.2.2. *Automaticity*

The automaticity of the stabiliser refers to its responsiveness to shocks with no room for discretion, such that transfers from participating countries in favourable economic circumstances and transfers to participating countries in unfavourable circumstances are made automatically. This enhances the scheme's effectiveness because delays may hinder its stabilisation function, and its credibility because the predictability of the scheme reduces temptations of renegotiating prior arrangements if they become inconvenient (e.g. when a country is a net contributor; Carnot, Kiziore and Moure 2017: 9-10). According to this criterion, the EUBS fares well because the triggering of payments is based on the rate of changes in the (short-term) unemployment rate or on other macroeconomic indicators. A related feature of this condition, which is also associated with the anti-cyclical nature of unemployment benefits, is the temporariness of the scheme, in the sense that transfers kick in and stop according to the changes of circumstances. The genuine variant is likely to experience time lags as it takes time to collect and analyse the data on which the scheme is triggered. It is, therefore, less automatic than its equivalent counterpart. By contrast, the EUBI is constant, *by definition*. Van Parijs and Vanderborght's long quote *supra* explained sufficiently well how adjustments will be automatic in that case for me not to expand further on this here. If they are right, there is no decisive case in favour of the genuine EUBS or the EUBI according to automaticity and both are superior to the reinsurance variant.

3.2.3. *Size*

The size of the budget is also relevant to the performance of the scheme. According to an estimation by the Bruegel think tank, a budget of 1% of euro-area GDP would be necessary to

perform cross-country stabilisation and an additional 1% would be necessary for intertemporal stabilisation, such that a budget of 2% of euro-area GDP would be ‘sufficient to support a significant capacity to fund asymmetric shocks [and] to give sufficient credibility to borrow in the market to address area-wide shocks’ (Wolff 2012: 11). In the case of the EUBS, Beblavý, Marconi and Maselli (2015: 24) show that the different versions of the scheme would cost less than 1% of EU output and will be able to have a fiscal multiplier effect over 20%. If these figures are right, the EUBS would thus be adequate to fulfil its purpose.

As concerns the EUBI, according to Vandenbroucke, a basic income of 200 euros would be insufficient to provide a valuable stabilisation effect: ‘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 stabilisation impact when their economies are hit by a cyclical shock’ (Vandenbroucke 2017c: 20). If Vandenbroucke is right, then, the EUBI would need to be set at a higher level – and therefore represent a higher gross cost than the EUBS in terms of GDP-based contribution – to have a sufficient stabilisation impact.¹⁰⁷ In the case of a high EUBI versus a low and short-term EUBS, the former might actually offer a stronger stabilisation effect but the relative superiority of one scheme over the other depends on its level. And this has a price: a much higher EUBI would be much less cost effective, because it is a universal measure affecting also those people that are not in need.¹⁰⁸

However, what Vandenbroucke seems to minimise is, precisely, the flipside of this argument. Because the EUBI is unconditional, universal and individual, it has much wider coverage and affects people who are in need of social support but may not be eligible for unemployment support. For instance, the EUBI would reach elderly people who receive pensions, which are typically the kind of benefits affected by cuts in public expenses in reaction to economic shocks (Peña-Casas 2017: 190-193). In this sense, the EUBI forms a buffer of income that cannot be cut, no matter where one derives the rest of her income from. By contrast, the EUBS only affects those households where a person in need is eligible for unemployment benefit. Barring extensive minimum requirements in coverage, the EUBS does not maintain income levels for other needy

¹⁰⁷ A simple math shows that a EUBI of 200 euros per person is about 7,5% of the EU GDP and 7,2% of the euro area GDP (Eurostat, figures 2017). Comparatively, a budget of 2% of euro area GDP would only yield an EUBI of 54,6€/month/capita. Although not adjusted to purchasing power parities, these very rough estimations provide an order of magnitude of the gross cost of a 200€ EUBI which provisionally allows me to conclude that it would represent far more than the EUBS in percentage of GDP.

¹⁰⁸ And this is only for stabilisation in space. To smooth volatilities over time, it would need to be based on fund capable of incurring debt, which is much more likely in the case of a reinsurance fund for instance.

individuals. The cost-efficiency analysis must thus also take into account the strength of the EUBI in terms of its effectiveness to sustain aggregate demand in economic downturns.

This said, it seems that, according to this rough analysis of the three first-order parameters, the EUBI appears as a second-best solution for economic stabilisation, at least in the case of the VAT-funded proposal on which this discussion is premised. It scores lower on anti-cyclicality, equally well on automaticity, and lower in terms of cost-efficiency, despite significant nuances. I now turn to the two main obstacles one needs to take into account when designing an supranational stabiliser.

3.2.4. Moral hazard and permanent transfers

A scheme working on the basis of fiscal transfers between countries may create a problem of institutional moral hazard (or ‘country gaming’), which points to a situation in which an institution takes more risks because another institution is bearing the costs of the risks. A Member State might simply decide not to implement unpopular reforms or be reluctant to improve the quality of unemployment support (e.g. in terms of coverage, adequacy or activation policies) because it knows that the EU will provide the necessary transfers in case of need. In other words, the very existence of a risk-sharing mechanism changes the incentive structure as it may reward those who have less effective policies. This may thus lead to a situation in which transfers would be permanent.

The risk of moral hazard and permanent transfers is probably the main challenge faced by the EUBS. There are several ways to mitigate this problem, using experience-rating, a clawback mechanism, or a trigger designed for only extremely severe shocks (at the risk of losing efficiency) for instance.¹⁰⁹ Others, such as Vandenbroucke, argue that the best way would be to establish compulsory minimum requirements regarding policy inputs and procedural standards (Vandenbroucke 2017a, 2017b). Minimum standards for coverage and generosity of benefits would improve shock absorption capacity at national level and provide positive externalities for other members. In other words, if a country is properly ‘vaccinated’, it lowers the risk of contagion and, in so doing, lowers the cost of the ‘curative’ operation (through fiscal transfers) such that ‘risk reduction and risk sharing reinforce each other’ (Vandenbroucke 2017a: 157). In light of this, the genuine variant would require harmonisation of some sort, while some form of procedural convergence would be sufficient in the equivalent model.

¹⁰⁹ For more on these mechanisms, see Dullien (2013), Andor (2014a), Beblavý, Marconi and Maselli (2015), Beblavý, Gros and Maselli (2015).

While MS have policy-levers to influence their ‘insured risk’ in an EUBS because the employment rate is dependent on a lot of national policies (such as activation policies, but also economic development policies and other parts of the welfare state such as social assistance), the risk of moral hazard is lower in the case of the EUBI as governments do not have a direct impact on its level. The EUBI is based on demographics, which might *in abstracto* be influenced by social policy, but is much more difficult to manipulate in order to maximise the flow of European money into a country. In sum, there is much less risk of a havoc in the incentive structure with the EUBI. However, this latter point also leads to the conclusion that the EUBI is more likely to introduce permanent transfers, in the sense of a lasting net balance from contributors to beneficiaries, given the diversity of economies and the absence of conditionality for triggering the transfers.

3.2.5. *Harmonisation/convergence*

Given the diversity of national unemployment insurance schemes in terms of eligibility rules, replacement rate and duration of benefits, the genuine version demands a certain degree of harmonisation of labour markets to ensure that EU citizens would be treated according to the same rules. Comparatively, in principle, the reinsurance version does not demand any form of harmonisation, but convergence is desirable to mitigate the risk of moral hazard. Administratively, the genuine version would also demand considerable efforts to organise the collection and distribution of funds at individual level, even if the transfer is mediated by national authorities, while attribution of unemployment benefits would remain the sole competence of Member States in the equivalent version.

Comparatively, a European basic income would provide a non-intrusive way to provide stabilisation thanks to its unconditionality, as I argued in chapter four: the EUBI constitutes a floor against which existing welfare arrangements can simply be adjusted and does not require radical modifications of long-lasting national welfare traditions such as their eligibility rules, their operational definitions of income, etc. However, this statement should be nuanced. Whilst the EUBI does not demand minimum requirements for its establishment as a supranational instrument, it might still need the Europeanisation of its funding instrument, if it is based on a (more) harmonised VAT or on some other scheme such as a European corporate tax. This would certainly provide positive effects (as I argued in chapter four) and would be less problematic than the harmonisation/convergence of national unemployment insurance schemes, but it still leads to the conclusion that the EUBI is not a completely ‘harmonisation-free’ policy.

More fundamentally, it appears that some minimal standards may be desirable for its well-functioning. Given that the goal of the EUBI is to provide additional economic security, MS should

not be allowed to merely use it as a way to reduce their own public expenses, that is to say, to lower the amount of national social benefits by the level of the EUBI.¹¹⁰ In this case, the basic income would still have an impact for those in employment but it would not improve the situation of those entitled to social benefits, at least so long as they do not take a job, in which case the EUBI still works as a top-up of other sources of earnings. Minimum standards in terms of adequacy, based on the sufficientarian threshold specified in chapter four, thus appear to make sense for the EUBI to be effective. MS would not necessarily be obliged to reach the adequacy threshold on their own, but they would have to provide enough to ensure that the EUBI guarantee (which amount would be known) would simply top-up the level of national minimum income benefits, to guarantee altogether an adequate level of resources.

Overall, the EUBI scores well on the need to preclude moral hazard and harmonisation requirements but is more likely to induce permanent transfers precisely because, at the risk of oversimplification, it is a redistributive instrument and not an insurance-based mechanism. Despite the EUBI's capacity to face obstacles better, given the fact that the EUBS can be associated with other measures to reduce its risks, it remains sub-optimal. However, this discussion has clearly shown that the EUBI may play some role of macroeconomic stabilisation, one that may be stronger depending on the level of payment and alternative sources of funding. In other words, at this stage, the objection is valid but not decisive: if stabilisation is the only aim, then the EUBI is not a priority. If stabilisation is instrumental to other social purposes, as EUBS supporters claim it is, then it must be strongly relativised, as I now argue.

3.3. Limits of the stabilisation approach

The discussion in section two showed that there is a compelling case for an E(M)U-wide fiscal union providing stabilisation support to national systems of solidarity in face of asymmetric shocks and the pursuit of EU integration. Andor is thus right when he notes that ‘the functioning of the single currency (especially at a time of crisis) makes the Europe 2020 [poverty] target de facto unattainable, even with a big delay. A stronger social dimension, which is crucial for the legitimacy of the European project, requires a fresh look at the original design of the single currency’ (Andor 2017: 147). Against this backdrop, I agree that a stabilisation device is both necessary and desirable, if we do not want to see short-term crises affecting one Member State turn into long-term E(M)U-

¹¹⁰ This is different from moral hazard as the Member State is not trying to receive more from the common pool, but simply to lower its expenses. In case of an economic shock, the state would thus lose the benefit provided by the EUBI.

wide recessions. But claims made by EUBS advocates regarding the strengthening of the EU's social dimension remain unsatisfying for the following reasons.

First, the sort of minimum requirements that accompany the EUBS is mainly seen as a necessity to reduce moral hazard, as a measure of prevention or a 'compulsory vaccination programme' (Vandenbroucke 2017b: 24), necessary to build robust national shock absorbers and reduce the risk of permanent transfers between participating countries. Minimum standards are thus primarily assessed in terms of 'activation quality' and 'stabilisation quality' (Vandenbroucke 2017d: 10) necessary to address the 'limits to diversity' (Vandenbroucke 2017b: 5-8). Unemployment benefits should be 'generous enough to have a stabilising impact, without creating inactivity traps' (Vandenbroucke 2017b: 22-23). Although the aim is *inter alia* to improve generosity and coverage, to build more effective national shock absorption (and thus quality of social support when most needed), no reference is made to the prime aim of securing an adequate standard of living.

Second, the EUBS is based on a triggering mechanism in times of economic downturn and its support is limited in time. Notwithstanding the considerable improvement that this would make compared to the status quo in terms of financial support for MS redistributive capacities, it is primarily meant to address social difficulties *in times of crisis*. This fails to recognise the urgent need for European-wide action even in the absence of asymmetric shocks. As an instrument limited to the purpose of economic recovery, it is unclear how the EUBS would have an effective impact in terms of upward convergence in the long run. In addition, as highlighted in chapter one, the employment route is necessary but insufficient to address the problem of poverty, such that an instrument like the EUBS is not sufficiently equipped to address the shortcomings of the European social dimension. In fact, it is precisely what makes the EUBS a more efficient macroeconomic stabiliser that makes it a less interesting instrument for social purposes. The EUBS is thus primarily designed for the former objective, not the latter.

Finally, the EUBS owes its place in European debates as one prominent solution designed first and foremost to complete the EMU. Interests in such a tool derives mainly from the acknowledgement by scholars and policy makers alike that European economic and monetary integration is not viable with wide persistent social imbalances. References to the introduction of the mechanism on an EU-wide basis are only made tangentially (if at all), as its rationale rests of the functional requirements of monetary integration. In other words, it is precisely *because* social imbalances became a threat to the viability of the European project that a renewed concern with the social dimension entered the picture, as side constraints to wider *economic* objectives. The same could be argued about the emergence of the European Social Pillar given its prime focus on the euro area,

as it embodies in certain respects the convergence-based (i.e. to increase symmetry) corollary instrument to the fiscal capacity requirement (i.e. to increase stabilisation). To illustrate, in its Recommendation on the Social Pillar, the Commission notes: '[a] stronger focus on employment and social performance is particularly important to increase resilience and deepen the Economic and Monetary Union. For this reason, the European Pillar of Social Rights is *primarily conceived for the euro area* but it is applicable to all Member States that wish to be part of it.' (EC 2017b, §13, my emphasis).

I hope the reader will not misunderstand my claims. I do not deny the need for social convergence in the EMU nor do I see the Social Pillar or the EUBS as misplaced initiatives, to the contrary. My claim is rather that, by putting the emphasis on the economic requirements of monetary integration, EU scholars and policy makers fail to recognise the larger EU-wide social problem, risk creating two classes of citizens in terms of access to social rights and fail to appreciate social matters as self-standing aims. In other words, on these grounds, recognising the need for a fiscal capacity via inter-state insurance does not preclude the need for other elaborate instruments of redistribution. For all these reasons, I contend that the objection is misplaced: stabilisation is necessary but insufficient to foster improvement in the European social dimension and hence, ensure, at the very least, a social minimum to all. Making social rights effective demands more direct action at EU level – this is why I conceive the EUBI as a Union-wide scheme and not as an EMU-specific instrument – rather than just an inter-state insurance device working under specific unfavourable economic circumstances. But this is also what makes the EUBS and the EUBI compatible, as I will argue in the last closing section of this chapter. Before doing so, I now turn to evaluate the EUBI's role as a social cohesion policy.

4. The EUBI and EU-wide social cohesion

In this section, I evaluate how the EUBI fares with respect to the objective of social cohesion, understood as the reduction of social disparities, thanks to its capacity to secure basic economic security throughout the EU. Then, I provide an illustration of the EUBI's impact at individual level (for those benefitting of last-resort safety nets in particular) and an evaluation of the scope of its EU-wide cross-borders redistributive effects. Finally, I argue that the EUBI offers a way to flesh out the social pillar.

4.1. Social cohesion

Social cohesion is a poorly defined concept. At EU level, it is often used without precise meaning to point to the EU's action to reduce disparities in wealth between countries, regions, social groups

or individuals (see also chapter 6, section 2.5.1. for a legal analysis of the concept). As Molle (2007: 5) helps clarifying, '[c]ohesion is now understood as the degree to which disparities in social and economic welfare between different regions or groups within the EU are politically and socially tolerable'. The rationale for action is thus to address these disparities that are socially and politically intolerable. I take it here, according to my sufficientarian basis, that disparities in wealth are intolerable at EU-level when some people are at risk of poverty or social exclusion, as defined in the introduction and outlined in chapter one. From this, the EUBI's contribution to EU social cohesion must be assessed in line with its capacity to resorb the problem of poverty.

With this in mind, I look at the claims made in chapter two when establishing the superiority of the EUBI over its rivals, namely its capacity to foster economic security and social participation writ large, and nuance their scope in the case of a partial basic income. The EUBI is a partial basic income, which means that it is likely to have only a more modest impact than a full basic income. However, contrary to a situation in which it would be 'the only game in town' (i.e. a partial basic income replacing other benefits), an EU-wide partial basic income provided as complement to national welfare schemes may still provide significant improvements with respect to the status quo.

In chapter one, I showed that the rise of the precariat – a growing and heterogenous class-in-the-making of individuals affected by various forms of economic insecurity – was a growing concern. The combination of the demands of labour market flexibility, of technological change and of the rise of inequalities increased the segmentation of the labour market and the risk of job automation, radically transformed working life, labour market statuses and types of contracts, increased in-work poverty, as well as stress and anxiety at work, and put pressure on the redistributive capacities of welfare states. Depending on its level, a partial basic income may mitigate these effects by providing an unconditional and regular income flow. It provides a cushion to those facing precarious labour contracts and chronic insecurity and contributes to the reduction of in-work poverty by supporting low wages. It also ensures the breadth of coverage necessary to reach those people failed by national social protection schemes because their status does not fit existing checkboxes (such as 'atypical' workers) or because conditions for access are too stringent. It may also make it easier for those with other sources of income to engage in part-time work or to engage in other activities such as training or voluntary work in a flexible manner according to life events and choices.

However, the claim, typically made by basic income advocates when considering a full UBI, that it would enhance the bargaining power of those at the lower end of the labour market vis-à-vis employers, making it easier for them to refuse badly paid job or bad employment conditions, can only be limited in the case of a partial EU-wide basic income. The argument rests on a capacity to

exit the labour market or, in other words, to have sufficient economic security to ‘say no’ to a badly paid job. It may be argued that, all other things kept equal, it may have *some* effect in terms of autonomy in particular for low-skilled workers in poorer EU member states, and that it can improve the situation with respect to the status quo in countries with more elaborated welfare states (in which, for instance, the ‘reservation wages’ already provide a certain level of independence). But since, by definition, the EUBI is partial and adjusted according to the local standard of living, it would not be sufficient to provide genuine decommodifying effects. Moreover, the bargaining power in industrial relations is never fully individual, such that it must be placed in the local institutional context and assessed in relation with the strength of labour unions and the development of labour market regulation, such as the statutory minimum wage. Just as I highlighted that minimum requirement in terms of adequacy at national level may be necessary to avoid social cuts of the size of the EUBI, its positive externalities would be best unleashed if the EUBI is accompanied by an environment favourable to strong collective bargaining and high minimum wages.

With respect to national welfare states’ arrangements, the EUBI may tame some of the negative effects of means-testing and activation policies. As discussed in chapters one and two, the use of a means-test is a prime reason for persistent and significant rates of non-take-up of minimum income schemes as well as its lack of coverage since it can be badly calibrated, set too low, discouraging given its complexity, or considered as stigmatising. For those eligible but not effectively benefiting from social provisions, the EUBI would tame the intensity of poverty. For those on welfare, the argument about self-respect can only be very modest as the EUBI would not obviate the kind of institutional judgments based on needs and deservingness that exist at national level. However, the EU-wide principles of universality and unconditionality would send a strong signal as the EUBI embodies the idea of a basic equality of standing for all Europeans. With respect to the objective of return to employment, although it does not completely remove the unemployment trap, the latter would be mitigated by the EUBI because it provides an additional purchasing power which can be topped up at will by other sources of income, making it also more acceptable to ‘say yes’ to a desirable job.

4.2. Joint action for poverty relief: an illustration of impact

Besides these various dimensions, the main strength of the EUBI lies in its effect as an anti-poverty policy, understood in its narrowest sense of providing enough monetary resources to bring individuals above the poverty line. Here, I concentrate on those individuals receiving minimum income protection at national level, which is typically set below the poverty line, and show that

they would see their situation improved, whether they live in MS with an advanced welfare state or not, although it is likely to have the most impact where social assistance schemes of this kind are less developed or absent.

Let's consider again an EUBI set at 200€/person/month in average, as it allows me to (roughly) assess the prospects of the proposal made by Van Parijs and Vanderborght (2017: 235-241), with the wider aim of economic security this time. To evaluate its effect, I assess it in relation with the levels of the guaranteed minimum income (GMI) in each country and compare it, when additioned to the local GMI, with the at-risk-of-poverty threshold set at 60% of the national median equivalised income (my sufficientarian standard). All amounts are adjusted to purchasing power parities (PPP) to provide an adequate basis for comparison.¹¹¹ I do not suggest this as a fine-tuned analysis but, rather, as an illustration of the potential effects the EUBI all other things kept equal, as shown in Table 4.

For an EUBI of 200€ in average, figures vary between 85€ in Bulgaria (lowest figure) and 273€ per month per capita in Denmark (highest figure). As the EUBI is higher than the local GMI (76€), the Bulgarian would see her total benefit raised up to more than double (161€), just below the poverty threshold. Similarly, in Romania, the EUBI (92€) is more than double the size of the local

GMI (43€) and provides a total income of 135€, higher than the poverty line (116€). In Poland, the EUBI (103€) is just beneath the level of the local GMI (130€), such that it would nearly double for

Table 4: GMI, EUBI and AROP per Member State expressed in €/person/month (PPP adjusted) for the year 2015 (except GMI for 2012)¹¹¹

MS	GMI	EUBI	GMI+EUBI	AROP
BE	700	215	915	1,083
BG	76	85	161	167
CZ	345	116	461	371
DK	784	273	1,057	1,418
DE	559	201	760	1,033
EE	236	137	373	394
IE	1,006	245	1,251	1,084
EL	0	166	166	376
ES	438	183	666	668
FR	655	206	861	1,071
HR	n.a.	124	n.a.	273
IT	445	198	643	792
CY	n.a.	177	n.a.	690
LV	131	129	260	291
LT	154	113	267	259
LU	1,157	269	1,426	1,764
HU	150	105	255	228
MT	n.a.	162	n.a.	675
NL	879	221	1,100	1,065
AT	773	216	989	1,163
PL	130	103	233	278
PT	204	159	363	422
RO	43	92	135	116
SI	389	157	546	617
SK	165	123	288	347
FI	641	241	882	1,188
SE	632	262	894	1,265
UK	545	215	760	1,051

¹¹¹ Purchasing power parities (PPP) and AROP thresholds are based on figures for the year 2015 (Eurostat 2015). The reason is that it was the available data at time of compilation for simulation of macroeconomic effects made in 2016. As far as national GMI's are concerned, the only available data available is from 2012 (Frazer and Marlier 2015: 41). Despite this small incoherence, the comparison is still useful to provide a rough illustration of the effect of the EUBI, according to cross-country differences.

a total not far from the poverty line either (278€). In these countries, the EUBI offers a very significant improvement compared to the existing situation.

What about Southern European countries? In Italy, for example, the EUBI amounts to 198€, a little less than half of the local GMI average (445€), such that the total level reaches 643€, about 150€ less than the poverty line: a significant improvement but not enough to lift people out of poverty.¹¹² The residents of Greece, by contrast, would see their situation much more improved as there is currently no national minimum income scheme.¹¹³ An individual would receive 166€, a little less than half of the poverty line (366€). Considering that more than a fifth of the population is at risk of poverty (chapter one, section 2.1.), this seems to be a considerable improvement.

In countries of the liberal welfare model, an individual in the UK would see her situation very much improved, as the sum of the local GMI (545€) and the EUBI (215€) amounts to 760€, even if the total remains nearly 300€ below the poverty line. Ireland offers an interesting case as the sum of the two schemes (1,251€) is above the sufficientarian threshold (1,084€).

In continental Europe, a Belgian, for instance, who receives a minimum income scheme of 700€ would receive an EUBI of 215€ and thus reach a total of 915€, which is still below the poverty line (1,083€) but a major progress towards the sufficientarian threshold. In Germany, an EUBI of 201€ combined with the local GMI of 559€ would bring the individual to 760€, still more than 300€ lower than the poverty line. However, considering the gap without the EUBI, it seems that even in Germany, which is likely to be a net contributor as we will see shortly, the policy would make a significant difference in terms of individual economic security. The situation is similar in France, finally, where the EUBI (206€) combined with the GMI (655€) reaches an amount of 861€, still 200€ below the poverty line.

Finally, a resident of Sweden would now have a total of 894€, which remains significantly lower than the poverty threshold (1265€) but an improvement of about half the size of the existing GMI. Similarly, a resident of Denmark would now have a disposable income of 1,057€, about 400€ lower than the sufficientarian standard. In both cases, however, the improvement is significant as well.

In very rough terms, this illustrates well how the EUBI may provide an additional source of income to those benefiting from social payments underneath the poverty line and, if not reach it, at least approach the sufficientarian threshold in each MS. It also shows how individuals living under

¹¹² At the time of writing these lines, there is no national GMI yet but only regional schemes in Italy and the figure of 445€ is an average of them. See Frazer and Marlier (2015) for more on the Italian case.

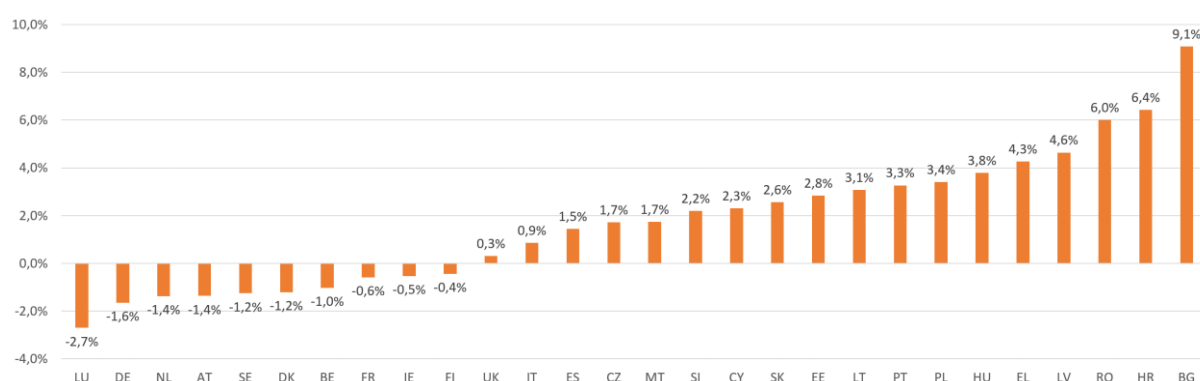
¹¹³ At the time of writing these lines, Greece is experimenting a pilot scheme. See Van Lancker (2017) for more an evaluation of the Greek case.

different welfare arrangements varying in terms of levels of payment and standard of living would benefit from the scheme. Someone living in the new Member States such as Romania, or in countries from Southern Europe such as Greece, may see their earnings significantly improved. Someone living in a country of Continental Europe may also still benefit significantly from the EUBI, although the difference is less significant. But this shows that, even if transfers are permanent, flowing from net contributors to net beneficiaries, those living in net contributing MS would be able to share in the benefits of the EUBI as well. In sum, the EUBI is likely to have more impact on the ‘doubly worst-off’, that is, the poor in the poorest MS, but it would be beneficial, even if to a lesser extent, to all Europeans at risk of poverty.

4.3. *Cross-border redistributive effects*

Social cohesion policies are based on redistribution, by definition. European Structural and Cohesion Funds typically work on the basis of pre-identified goals associated with the overarching aim of convergence and a series of conditions for allocation of resources (Molle 2007: ch. 7). By contrast the EUBI operates without any condition. My aim here is to specify the macroeconomic redistributive effects such a scheme may lead to on an EU-wide basis. Again, this is not aimed at providing a fine-tuned economic analysis but, rather, a rough simulation of the scope of redistribution. I distinguish between two main possibilities based on the same amount of 200€. In one case, it is funded out of national contributions, expressed in percentage of the gross national income (GNI) and adjusted to purchasing power parities (figure 1). In the other case, it is the VAT-based model, with a harmonised tax of 14,5%.¹¹⁴ Net contributions are also expressed in terms of percentage of GNI and adjusted to PPP (figure 2).

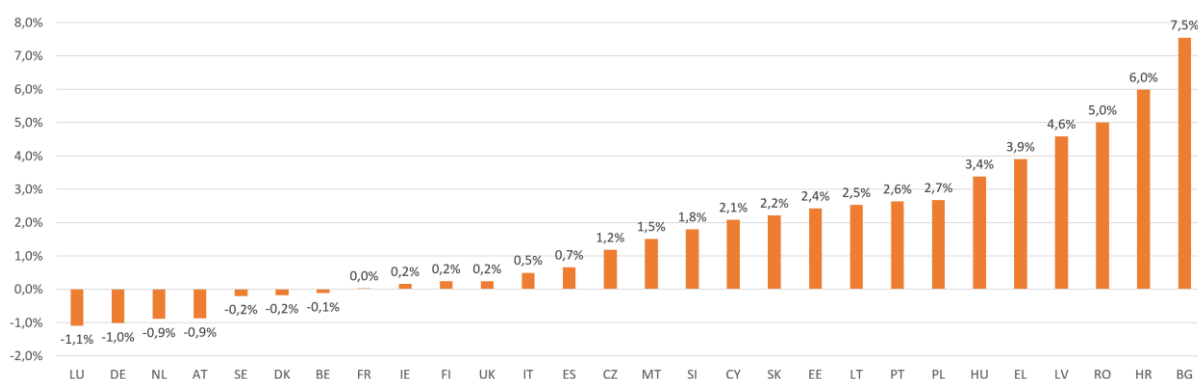
Figure 1: EUBI financed by national contribution - Net contribution as % of GNI PPP adjusted



¹¹⁴ According to my calculations, the European harmonised VAT rate is lower than in Van Parijs and Vanderborgh's (2017: 39) proposal which was based on a harmonised VAT of 19%. See appendix for a description of the methodology used.

This graph shows that inter-state redistribution roughly reflects East-West and North-South dividing lines (with the surprising place of the UK as net beneficiary), and reveals that countries benefiting the most are also in the majority of cases those in which the EUBI has the strongest impact as an antipoverty measure, such as Bulgaria, Romania, but also Greece or Portugal. On the other hand, France and Germany would be net contributors, but the amount of their contribution would not be more than, respectively, 0,6% and 1,6% of their GNI. while, comparatively, their current share to the Union's budget amounts to less than half of these figures. This remains substantial but a fair evaluation of a member state's contribution must weigh the scheme's costs against its expected benefits for national citizens and against the potential positive effects of cross-border redistribution in terms of overall economic stability, its impact on aggregate demand, on consumption, etc.

Figure 2: EUBI financed by VAT - Net contribution as % of GNI (PPP adjusted)



This second graph shows that the VAT-funded EUBI displays a similar pattern to the national contribution model but that the scope of redistribution is lower, with net contributors and beneficiaries respectively paying or receiving less in proportion of their GNI in most cases. Bulgaria, for instance, would now benefit of an amount up to 7,5% of its GNI (compared to 9,1% in the national contribution-based scheme) while, on the other extreme, Luxembourg would now be a net contributor by up to 1,1% of its GNI, which is 1,6% lower than in the other scheme. In this case, France is not a net contributor anymore as it breaks even, but Germany faces a similar situation with a contribution of 1% of its GNI (compared to 1,6%).

Overall, this rough illustration shows that for the same amount given to all Europeans, the redistributive effects on national budgetary balances differ according to the funding scheme chosen. Most importantly, it highlights that, besides its impact on individuals, the EUBI can play a role of reduction of regional disparities.

4.4. *A tangible Social Pillar*

To conclude this section, in light of the arguments developed above concerning the EUBI's strength as an EU anti-poverty policy, it embodies a European-wide form of social protection and, as such, offers an opportunity to flesh out some of the rights of the Social Pillar (EU 2017).

Under its Chapter III, the Social Pillar focuses on social protection and social inclusion. Article 12 on social protection states that '[r]egardless of the type and duration of their employment relationship, workers, and, under comparable conditions, the self-employed, have the right to adequate social protection'. In light of the rise of the precariat, facing multiple insecurities in the labour market and often lacking access to social protection, the EUBI gives meaning to this article by ensuring everyone an access to at least the European minimum.

Moreover, as already mentioned, article 14 of the Pillar asserts that '[e]veryone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services'. The EU involvement in social protection with the EUBI is premised on this very idea: providing a social income to all. The EUBI would thus primarily provide substance to this right by giving a meaning to what 'a life in dignity at all stages' means, that is, a social minimum based on the relative poverty line effectively guaranteed by EU and MS together to ensure the minimum threshold of resources necessary to participate in the life of a MS in particular, and the EU in general.

Finally, since the EUBI is a benefit granted to all Europeans from the cradle to the grave, the EUBI expresses the EU's concrete commitment to ensure that '[c]hildren have the right to protection from poverty' (art. 11(b)) and that '[e]veryone in old age has the right to resources that ensure living in dignity' (art. 15(b)).

Overall, considering that the rights proclaimed in the Social Pillar are non binding and primarily designed to respond to the economic problem generated by social imbalances between EMU countries (as argued in section 3.3.), the EUBI strengthens the social purpose of the Pillar in a tangible way throughout the EU. By establishing an explicit link between social rights and an individual, universal and unconditional cash flow distributed by the EU, the Union may thus also gain in legitimacy for taking a more protecting role than it currently does. In other words, the EUBI embodies the idea of a 'caring' Union which materialises its commitment to social rights in a highly visible manner for all Europeans.

5. EUBS and EUBI: the compatibility view

Now that we have a clear idea of the strengths and weaknesses of the EUBI as a macroeconomic stabiliser and as an instrument of redistribution primarily focused on social cohesion, I come back to the EUBS and close this chapter by arguing that, rather than seeing them as mutually exclusive, they are complementary. To make my case, I focus on the reinsurance variant, as it is the one which fares better with respect to large asymmetric shocks, it is less demanding regarding the need for convergence, allows more room of manoeuvre to mitigate the risk of moral hazard and seems to be a less complex option overall.

The introduction of a system of reinsurance of national unemployment schemes aims primarily at mitigating major idiosyncratic shocks. If it is capable of accumulating surpluses and incurring debt, then it can perform both cross-country shock absorption and intertemporal smoothing of business-cycle volatilities. It also plays a role of prevention, in two ways. First, the existence of a scheme with a predictable and automatic trigger is reassuring for financial markets who know that there will be a mechanism of solidarity in case of economic downturn, thereby limiting the risk of negative debt dynamics for the country hit. Second, the introduction of minimum requirements to ensure a sufficient stabilisation capacity in each member state improves national shock absorption and limits the risk of contagion.

The EUBI has a relatively lower stabilisation capacity but it is likely to be a good shock absorber for small cyclical shocks rather than large asymmetric shocks. In this sense, both schemes can play a complementary role on stabilisation. Moreover, the EUBI adds a firm and permanent basis of economic security to all Europeans, not only in difficult times. Its aim is primarily focused on fighting poverty and social exclusion and, as such, improve social cohesion in the EU. The combination of a stable economic environment in which MS are insured against the risks associated with their interdependence with an effective anti-poverty policy expressing EU-wide social rights would provide a powerful basis to resorb the social deficit of European integration. This is, of course, a principled view. Feasibility concerns may potentially limit this ‘compatibility view’ and lead to a trade-off. In that case, given that the EUBI can simultaneously provide a shock absorption and support social rights, it is to be preferred, provided that its funding scheme is optimally calibrated to support both purposes.

6. Conclusion

In this chapter, I have addressed the challenge of stabilisation according to which an instrument of redistribution such as the EUBI is inappropriate to resorb the social deficit. Instead, so as the

argument goes, an instrument of inter-state insurance providing an environment of economic stabilisation to all EU welfare state, combined with minimum requirements to foster convergence, is what is required. Notwithstanding the compelling case for a fiscal capacity at E(M)U level, I first argued that the EUBI would also have a stabilisation effect, although it is likely to be lower than the instrument at the center of discussions on the matter, namely the European unemployment benefit scheme (EUBS). I then showed that this legitimate focus on stabilisation is insufficient to address the social ills identified in chapter one, such that the objection is misplaced: stabilisation is necessary but insufficient. Against this backdrop, I analysed the prospects of the EUBI with respect to its main objective of ensuring basic economic security. I nuanced some of the claims made with respect to a full UBI in chapter two and then showed, according to rough illustrations, the effects of an EUBI of 200€ both at individual level and in terms of cross-border redistribution. I then ended the chapter by suggesting that the EUBI and the EUBS are best seen as complementary policies.

The EUBI can now face a final challenge which concerns the difficulties associated with its implementation, and more particularly with its legal feasibility within the complex EU multi-level polity and legal order.

CHAPTER SIX: THE CHALLENGE OF FEASIBILITY

1. Introduction

In this chapter, I deal with a last challenge to the EUBI that EU scholars would typically regard as a crucial test given the constraints placed on the design of policies at EU level, namely its legal feasibility. At its most general, ‘a state of affairs is feasible if it is one we could actually bring about’ (Gilabert and Lawford-Smith 2012: 809). Determining whether a social policy is feasible or not thus demands an investigation of the different factors that hinder the prospects of the policy to be put in place. These constraints, or ‘feasibility tests’, range from those relating to the availability of legal, financial and administrative resources to those pertaining to the public acceptance of a policy’s underlying norms and values, and the strategic building of coalitions among political actors to enable legislation in modern-day democracies (Majone 1975; Brennan and Pettit 2005; Hood 2010; De Wispelaere and Noguera 2012; Gilabert and Lawford-Smith 2012; Torrey 2016; Hamlin 2017).

In this chapter, I focus on the EUBI’s *legal* feasibility concerned with the legal bases necessary to implement the proposal. In light of this, the ‘challenge of feasibility’ reads as follows: *the EUBI is unfeasible because the EU does not have the legal capacity to implement it*. By addressing this last objection, my aim is thus to examine whether the EUBI can be put in place (if at all) within the current legal architecture and to explore the various possibilities for its financing.

I do not claim that responding to this challenge is sufficient for the proposal to become actualised but, rather, that the legal feasibility of the EUBI should be investigated *as a matter of priority* as it constitutes a key background condition for its overall feasibility. Why is that so? At European level, given the complex distribution of legal competences and the limited resources available, institutional constraints play a determining role in a policy’s political feasibility. If a policy cannot be put in place without, say, treaty change, it may not mean that it is unfeasible *per se* but its probability to raise interest among stakeholders and to reach the EU policy agenda would be significantly affected. Examining whether there are routes and avenues for the EUBI’s legal feasibility is thus one of the ‘criteria for survival’ for a policy that must be anticipated before advancing it in the political arena (Kingdon 2014: 131). To put it in the language of EU agenda-setting literature, ‘building credibility’ in the eyes of policy makers is an essential component of any political strategy at EU level (Princen 2011: 930-931).

Against this backdrop, I argue that the EUBI is not exposed to the objection because it is possible to find a suitable legal base within existing Treaties. I distinguish between the legal constraints and

options on its payment side and those on its funding side. On the payment side, the legal base is constituted by the combination of articles 175(3) and 352(1) TFEU. Alternative possibilities are enhanced cooperation or the establishment of an intergovernmental treaty. On the financing side, there are legal bases to finance the EUBI either from within the Union's budget, based on national contributions earmarked for the EUBI or through the EU's own resources, or from outside the Union's budget, through the set up of a separate agency or a European fund on the basis of an intergovernmental agreement.

Before proceeding to the analysis, it must be noted that this chapter relies on the work of Beblavý and Lenaerts (2017) and Repasi (2013, 2017) in particular who focused on the legal feasibility of the European unemployment benefit scheme. My conclusion obviously differs from theirs given the differences between the two schemes, but their method and analysis of a series of legal bases is useful for assessing the legal prospects of the EUBI. With this in mind, this chapter is structured as follows. In section two, I start with an overview of the compatibility of the EUBI with the EU's objectives, values, and fundamental rights, and I recall the distribution of competences in social matters. I then analyse to what extent the Treaties can provide a legal base for establishing the EUBI on the payment side. In section three, I look at the potential legal bases for its funding side. Section four concludes.

2. Legal feasibility: establishing the payment of the EUBI

Before exploring the various legal options and constraints for the establishment of the payment side of the EUBI, I briefly clarify the proposal's compatibility with the Union's values, rights and objectives, and recall how social competences are distributed between the EU and its MS.

2.1. Values, fundamental rights and objectives

As we have seen in previous chapters, the basic income embodies a citizenship-based organisation of solidarity with equal respect to different individual conceptions of the good life and is typically justified as a policy aiming at guaranteeing income security to every member of a political community to ensure a decent life and support social participation. The EUBI is thus respectful of the fundamental values of the Union as stated in article 2 of the Treaty of the European Union (TEU), which includes respect for human dignity and human rights, freedom, democracy, equality, solidarity and gender equality.

Besides, the EUBI would support the rights and liberties proclaimed by the Charter of Fundamental Rights of the European Union, whether they demand 'negative' freedoms (i.e. absence of interference) or a 'positive' intervention to be effectively enforced. As a non-intrusive

policy, the EUBI would be respectful of privacy (art. 7, Charter), living arrangements (art. 9) and individual moral doctrines (art. 10), and would not discriminate on any grounds such as sex, race, colour or social origin (art. 21). But the EUBI would go a step further by providing *effective* support to social rights, and in particular entitlements to social security and the right to social assistance so as to ensure a decent existence for all those who lack sufficient resources (art. 34).

Moreover, as was shown throughout this dissertation, the EUBI is *a priori* well placed to support the Union's aim to promote the well-being of all Europeans and its commitment *inter alia* to full employment, social progress, combating social exclusion and discrimination, promoting social justice, gender equality, social, economic and territorial cohesion, as well as the solidarity among MS (art. 3 TEU).

The EUBI's compatibility with – and support of – values, rights and objectives certainly constitutes a necessary requirement for its establishment given their important place in the EU's hierarchy of norms,¹¹⁵ but it is far from sufficient. Values do not provide any legal base and, as far as objectives as concerned, article 3(6) TEU states that '[t]he Union shall pursue its objectives by appropriate means commensurate with the competences which are conferred upon it in the Treaties'. Similarly, article 6(1) TEU explicitly states that 'the provisions of the Charter shall not extend in any way the competences of the Union as defined in the Treaties'. This is reaffirmed in article 51(2) of the Charter: '[t]he Charter does not extend the field of application of Union law beyond the powers of the Union or establish any new power or task for the Union, or modify powers and tasks as defined in the Treaties'. In short, to be legally feasible within existing Treaty provisions, the EUBI must find a legal base in accordance with the competences of the Union. Before exploring potential legal bases, then, it is necessary to recall which competences are enjoyed by the EU and its MS in the field of social protection.

2.2. EU competences in social protection

The principle of conferral is an essential principle of EU law as it strictly circumscribes EU action within the limits of the competences conferred upon it by the Member States in the Treaties to attain the objectives set out therein (art. 5 TEU). For the aspects defined in the Treaties, social policy is a shared competence between the EU and its Member States (art. 4(2)(b) TFEU). More precisely, with the view of achieving the objectives stated in article 151 TFEU of promotion of employment, improved living and working conditions, proper social protection and the combating

¹¹⁵ For instance, the respect of values is a condition for joining the EU (art. 49 TEU), while failure to meet these requirements can lead to sanctions (art. 7 TEU).

of social exclusion (among others), *the EU shall support and complement the activities of its Member States* (art. 153(1) TFEU, my emphasis).

In fields such as ‘social security and social protection of workers’ (art. 153(1)(c) TFEU) and ‘the integration of persons excluded from the labour market’ (art. 153(1)(h) TFEU), the EU can take measures to ensure the coordination of national policies (art. 153(2)(a) TFEU) and adopt directives setting minimum standards (art. 153(2)(b) TFEU). In the fields of ‘combating social exclusion’ (art. 153(1)(j) TFEU) and ‘the modernisation of social protection systems’ (art. 153(1)(k) TFEU), the EU can only facilitate the coordination of its member states policies. Article 153 TFEU also imposes a series of limits. Even when a legal act can be adopted, it shall not affect the so-called ‘constitutional saving clauses’, expressed by article 153(4) and article 153(5) TFEU. According to the former, the act adopted must not undermine the right of MS to define the fundamental principles of their social security systems, it must not significantly affect the financial equilibrium of national systems of social protection, and it shall not prevent any Member State from maintaining or introducing more stringent protective measures compatible with the Treaties (art. 153(4) TFEU).¹¹⁶ According to the latter, the legal act adopted may not apply to pay, undermine the right of association, the right to strike or impose lock-outs. In short, social protection remains primarily a competence of the MS which decide the fundamental principles of their social protection systems, the level of benefits, and the substance of national social legislation while the EU takes a subsidiary role, by introducing binding minimum requirements and/or encouraging coordination depending on the sub-fields of social policy considered.

Article 153 thus embodies the principle of subsidiarity, according to which in areas which do not fall within its exclusive competence, the Union shall act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States but can, by reason of the scale or effects of the proposed action, be better achieved at Union level (art. 5(3) TEU). The principle of subsidiarity does not aim to modify the rules governing the attribution of competences. Rather, it distinguishes between the conferral of competences and *the power to act*, such that even when the EU is competent in a certain field, it cannot necessarily use all the powers available (Dony 2014: 89). Thus, even when the EU has a competence to legislate, it must still prove that its action would be more efficient than that of the MS. Similarly, the principle of proportionality, which applies to all types of competences, states that the content and form of Union action shall not

¹¹⁶ Note that the reference to ‘more stringent protective measures’ points to the liberty for MS to adopt *higher* protective standards than those set by EU law (Repasi 2017: 13).

exceed what is necessary to achieve the objectives of the Treaties (art. 5(4) TEU).¹¹⁷ In light of all this, do the Treaties allow the EU to take a role in social protection that is *distributive* and *in direct relation with individuals*?

2.3. Method

To respond to this question, it is useful to quote at length Repasi's reference to European case law as it provides the procedure required to find a suitable legal basis for a new EU policy:

The choice of legal basis for a measure is based on objective factors which are amenable to judicial review. Those factors include in particular the aim and content of the measure. A purely ancillary aim of a measure cannot legitimately be used to justify the choice of legal basis... If a Union measure pursues several aims that can be linked to several Union competences and if one of those aims is identifiable as the main one, whereas the other is merely incidental, the measure must be founded on a single legal basis, namely that required by the main or predominant aim. With regard to a measure that simultaneously pursues a number of objectives, which are inseparably linked without one being incidental to the other, the Court has held that, where various provisions of the Treaties are therefore applicable, such a measure will have to be founded, exceptionally, on the various corresponding legal bases. Such a conjunction of legal bases is, however, excluded if limitations of the one competence are not contained in the other. Therefore a legal base that, for example, excludes legal harmonisation may not be combined with a legal base that allows for harmonisation. (Repasi 2017: 7)

In light of this, to find a suitable legal base one should start by identifying the aims of the scheme considered and establish a hierarchy between them to assess which is the predominant one. Based on the arguments developed throughout this dissertation, the EUBI aims at fighting poverty and social exclusion by providing additional income security to all Europeans. It also participates to the integration of persons excluded from the labour market by reducing the scope of unemployment and poverty traps of national social protection systems. As a supplement to national social benefits, it supports national systems of social security and the social protection of workers. Moreover, given the new social risks associated with demographic changes, changes on the labour market and technological progress, the EUBI accompanies the modernisation of social systems of social protection in face of these new risks. Finally, it performs a stabilisation function in face of adverse economic shocks and constitutes one way to establish a fiscal union in the E(M)U.

2.4. Article 153 TFEU

Let's first consider that the predominant aim of the EUBI is to combat social exclusion, such that other objectives are incidental. In this case, can article 153 provide a suitable legal base? According to this article's provisions, the EU can only play a role of coordination in the field of combating

¹¹⁷ This is also confirmed by article 296 TFEU: 'Where the Treaties do not specify the type of act to be adopted, the institutions shall select it on a case-by-case basis, in compliance with the applicable procedures and with the principle of proportionality'.

social exclusion (art. 153(2) TFEU) as it does not have the competence to introduce legally binding minimum requirements in this subject-matter. A pan-European basic income is, by definition, an EU-wide distributive scheme and not a harmonisation of national policies, but this does not change the fact that, under the provisions of this article, the EU does not have the capacity to legislate. In short, if the EUBI's main aim is to combat social exclusion, then, the establishment of the scheme requires treaty change as the EU cannot do more than coordinate national social policies in the field.

Moreover, where the EU does have a competence to legislate, article 153 only allows for legal acts in the forms of directives. As noted by Repasi (2017: 16), '[d]irectives do, in principle, not contain individual rights but oblige Member States to create individual rights within their national legal orders'. In other words, 'the Union legislator may not establish, on the basis of directives, Union bodies or Union funds as well as legal claims for individuals against Union bodies or funds' (Repasi 2017: 16). Thus, even in the fields where the EU is allowed to establish a legal act (e.g. art. 151(1)(c) TFEU), article 153(2) does not grant it the power to introduce the kind of EU-wide distributive schemes that we are concerned with.

Going back to the list of objectives of the EUBI, then, is there another possibility? First, it is clear from the analysis undertaken in chapter five that the EUBI's macroeconomic stabilisation function constitutes a positive spillover effect but cannot be considered as its main objective.¹¹⁸ Second, since the EUBI is not conditional on national authorities pursuing changes in the provision of social policies, its role in accompanying the modernisation of social systems is also incidental. Third, it cannot be considered as a policy primarily aiming at the social security and the social protection of *workers*¹¹⁹ because it is not targeted at the social risks faced by workers only. Nor can it be predominantly considered as a policy primarily designed to integrate people excluded from the labour market since it is not conditional on any work test. Similarly, despite the arguments developed in this dissertation in favour of the EUBI as an instrument to fight EU-wide poverty and social exclusion, the same logic could be applied for those in social assistance schemes because

¹¹⁸ Even if the EUBI's main objective was to act as a macroeconomic stabiliser, it would face severe hurdles. Article 122(2) TFEU allows the EU to grant financial assistance to a MS which finds itself in difficulties that are beyond its control. However, the EUBI would not comply with the requirements of this article because (i) it is directed at individuals, (ii) it is a permanent scheme, and (iii) it is granted without any conditions. For more on the legal options for establishing a fiscal capacity for the euro area, see Repasi (2013) and Beblavý and Lenaerts (2017).

¹¹⁹ In EU law, 'social security' is defined on the basis of article 3(1) of Regulation (EC) n°883/2004 on the coordination of social security systems as covering the following items: (a) sickness benefits; (b) maternity and equivalent paternity benefits; (c) invalidity benefits; (d) old-age benefits; (e) survivors' benefits; (f) benefits in respect of accidents at work and occupational diseases; (g) death grants; (h) unemployment benefits; (i) pre-retirement benefits; (j) family benefits. 'Social protection' is broader since it also encompasses 'schemes relating to the obligations of an employer or shipowner' (art. 3(2)) and 'special non-contributory cash benefits' (art. 3(3)), thereby including also those relevant to 'social assistance' (art. 70).

the EUBI is not specifically targeting people identified as being at risk of poverty or social exclusion. If this is correct, the EUBI should rather be considered as pursuing all these objectives simultaneously (i.e. social security and social protection of workers, integration of people excluded from the labour market, and combating social exclusion). According to European case law, then, the EUBI should be founded on all their corresponding legal bases. However, this approach also reaches a dead-end since article 153 (to which all objectives refer) is not suitable. First, because there must be coherence between the various legal bases, such that some of legal bases cannot undermine the limitations set by others. In this case, the provisions concerning the objective of combating social exclusion limits the use of other provisions which allow the EU to legislate. Second, because the kind of legal act necessary to implement an independent EU-wide scheme is not provided by article 153 TFEU, as already mentioned.

2.5. Article 175(3) TFEU

There is another legal base possible if it can be shown that the EUBI's main aim is to strengthen social cohesion. The objective of 'social cohesion' is proclaimed by article 3(3) TEU and implemented by article 175(3) TFEU. The use of article 175(3) is envisioned as a legal base to establish a European unemployment benefit scheme by Repasi (2017) and Beblavý and Lenaerts (2017). It was also used to establish the European Globalisation Adjustment Fund (EU 2013b). According to the provisions of article 175(3), then, the European Parliament and the Council can decide to adopt 'specific actions outside the Funds' with their own eligibility criteria if these actions prove necessary to attain the objectives of social, economic and territorial cohesion set out in article 174 TFEU, which itself defines the prerogatives of the EU with respect to the objectives of social, economic and territorial cohesion.¹²⁰

¹²⁰ Article 174 TFEU reads as follows:

In order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion.

In particular, the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions.

Among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, crossborder and mountain regions.

And article 175 TFEU states:

Member States shall conduct their economic policies and shall coordinate them in such a way as, in addition, to attain the objectives set out in Article 174. The formulation and implementation of the Union's policies and actions and the implementation of the internal market shall take into account the objectives set out in Article 174 and shall contribute to their achievement. The Union shall also support the achievement of these objectives by the action it takes through the Structural Funds (European Agricultural Guidance and Guarantee Fund, Guidance Section; European Social Fund; European Regional Development Fund), the European Investment Bank and the other existing Financial Instruments. The Commission shall submit a report to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions every three years on the progress made towards achieving economic, social and territorial cohesion and on the manner in which the various means provided for in this Article have contributed to it. This report shall, if necessary, be accompanied by appropriate proposals.

2.5.1. Understanding ‘social cohesion’ under EU law

Before looking at whether the EUBI can legitimately be enacted on that basis, two preliminary difficulties must be overcome (Repasi 2017: 21). First, can ‘social cohesion’ be understood as a stand-alone objective amongst the triple aim of ‘economic, social and territorial cohesion’ and second, what are the kind of measures allowed with respect to the rather vague notion of ‘social cohesion’? The first difficulty demands an assessment of the possibility to disentangle social cohesion from economic and territorial cohesion as an independent goal, the alternative being that the EU can only implement a measure that should promote the three objectives altogether. In the latter case, the scope of EU action is delimited by its capacity to address inter-regional disparities rather than EU-wide disparities between social groups or individuals.

Repasi (2017: 21-23) provides a series of arguments against this view. First, whilst the objectives of ‘economic and social cohesion’ were present in previous Treaties, ‘territorial cohesion’ was only introduced in the Lisbon treaty, which signals that they are distinctive objectives. Second, paragraph two of article 174 TFEU stipulates that, in order to promote the triple objective of cohesion, ‘*in particular*, the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions’ (my emphasis). The use of ‘in particular’ clarifies that measures aiming at economic and social disparities writ large are also possible independently of those focusing on territorial disparities. Third, there is a precedent confirming this thesis: the European Globalisation Adjustment Fund (EGF) established on the basis of article 175(3) extends its action beyond region-specific problems since it aims at providing support for workers who become redundant as a result of major structural changes in world trade patterns due to globalisation ‘provided that these redundancies have a significant adverse impact on the local, regional or *national* economy’ (EU 2013b: art. 2(2), my emphasis).

More importantly, the European Social Fund (ESF), which is one of the structural funds dedicated to the EU’s cohesion policy, is the Union’s main instrument to tackle *social* disparities. According to article 162 TFEU, the ESF aims to improve employment opportunities, the standard of living, as well as the geographical and occupational mobility of workers, whilst the second recital of Regulation 1304/2013 on the ESF adds that it should ‘strengthen social inclusion, fight poverty, [...] and develop active, comprehensive and sustainable inclusion policies [...] and *thereby contribute to economic, social and territorial cohesion in accordance with Article 174 TFEU*’ (my emphasis). The

If specific actions prove necessary outside the Funds and without prejudice to the measures decided upon within the framework of the other Union policies, such actions may be adopted by the European Parliament and the Council acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee and the Committee of the Regions.

Regulation also states that the ESF should contribute to the implementation of the EU 2020 strategy and its flagship initiatives including ‘the European Platform against Poverty and Social Exclusion’ while taking into account the requirements of the ‘horizontal social clause’¹²¹ (EU 2013: third recital). In order to do so, the ESF shall benefit ‘people of all ages facing poverty and social exclusion’ (EU 2013: art. 2(3)) and ‘at least 20% of the total ESF resources in each Member State shall be allocated to the thematic objective ‘promoting social inclusion, combating poverty and any discrimination’ (art. 4(2)). The ESF is thus based on the EU’s cohesion policy but not exclusively focused on inter-regional disparities.

Finally, article 174(1) stipulates that EU actions in the field of cohesion should be pursued ‘[i]n order to promote its overall harmonious development’. In other words, the effects of the Union’s policies should be assessable at EU level which means that the goal of cohesion can provide a suitable base for EU-wide policies. Then, according to Repasi (2017: 23), ‘[a]gainst the background of these arguments, the Union legislator may adopt measures that primarily aim at promoting social cohesion as a part of the objective to strengthen economic, social and territorial cohesion without being limited to only addressing region-specific problems’.

The second difficulty relates to the kind of policies that can be pursued under the notion of ‘social cohesion’. Whilst the legal texts available in EU primary and secondary law do not provide a clear definition of the terms, let’s recall that cohesion may be defined as ‘the degree to which disparities in social and economic welfare between different regions or groups within the European Union are politically and socially tolerable’ (Molle 2007:5). In short, the ‘strengthening of cohesion’ stated in article 174(1) TFEU means a reduction of these disparities over time. But how should we understand disparities that are not ‘politically and socially tolerable’? Repasi distinguishes between a procedural and a substantive dimension. Regarding the procedural perspective, ‘there would be a presumption that disparities are politically and socially intolerable when the Council adopts a specific action with the necessary majority’ whilst, according to the substantive dimension, there is a ‘presumption that the disparities cannot effectively be reduced at Member States level when there is an increase in disparities before the adoption of a specific action’ (Repasi 2017: 27). In other words, the definition of EU action in the field of social cohesion must be in accordance with the principle of subsidiarity.

¹²¹ The so-called ‘horizontal social clause’ states that the EU shall take into account requirements linked (inter alia) to the promotion of a high level of employment, the guarantee of adequate social protection, and the fight against social exclusion in the definition and implementation of its policies and activities (art. 9 TFEU).

Against this backdrop, one first needs to show that the policy action proposed is appropriate for the objective pursued, which is itself defined with respect to indicators relevant to assess social disparities that are considered intolerable. Then, article 175(3) allows the EU to undertake a specific policy action outside EU funds to strengthen social cohesion at the level of the EU to improve its ‘overall harmonious development’ (art. 174(1))¹²², provided that MS cannot effectively tackle the disparities identified. In other words, it must be shown that the policy envisioned respects the principle of subsidiarity. Finally, the use of article 175(3) can only constitute a suitable legal base if it does not undermine other limitations provided by constitutional saving clauses and procedural requirements.

2.5.2. The EUBI as an instrument to strengthen social cohesion

Given these considerations, does article 175(3) TFEU provide a suitable legal base for the EUBI? In this case, the EUBI’s main objective is to strengthen social cohesion by reducing social disparities between groups throughout the EU. Given the EUBI’s objectives, the indicators relevant to analyse disparities and their evolution in time are provided by the at-risk-of-poverty-or-social-exclusion rate (AROPE) and the unemployment rate. The EUBI’s ability to deliver on its expected positive impacts remains contingent on empirical demonstration and it is difficult, in the absence of a precise proposal, to establish to what extent the EUBI would perform well with respect to the objective of reducing disparities on an EU-wide basis. Nonetheless, the analysis in chapter five showed that it is well placed to improve the indicators identified and thereby strengthen social cohesion, thanks to both its intrinsic policy characteristics and its incidental effects. For instance, it can be expected that poverty rate would fall as a result of improved coverage and higher income adequacy, whilst unemployment levels may decrease thanks to the removal of the poverty trap. Moreover, these effects are expected to be higher in countries with less advanced welfare states, thereby reducing both inter-group and inter-regional disparities, and further reinforced by the EUBI’s macroeconomic stabilisation function in support of national redistributive capacities.

If this holds, then, the EUBI would improve the EU’s ‘overall harmonious development’ not only because of the nature of its monetary transfers but also thanks to its broader role on a systemic level, precisely because it is a pan-European redistributive scheme or, to put it in the wording of the subsidiarity principle, ‘by reason of the scale or effects of the proposed action’ (art. 5(3) TEU).

¹²² Note that it does not follow from the necessity to have ‘an EU-wide overall harmonious development’ that the action envisioned cannot concern a subset of the Union if it proves necessary to reduce economic and social imbalances (Repasi 2017: 25-26).

In relation to the limits set by the principle of subsidiarity, then, it was argued in chapter one that the current organisation of social welfare in the EU is insufficient to protect EU citizens against the risk of poverty and social exclusion effectively. In other words, the EU's objective of lifting 20 million people out of poverty by 2020 cannot be sufficiently achieved by the MS alone, at least not without addressing the tensions of European integration which constrain their redistributive capacities. It was also highlighted in chapter five that this is especially true within the monetary union in which MS have relinquished their capacity to pursue nominal devaluation and can only rely on 'internal' devaluation in order to respond to asymmetric economic shocks, which can ultimately lead to a rise of unemployment and of the risk of poverty. Moreover, MS also face constraints in their financing capacities especially with regards to the rules of the Stability and Growth Pact. On these grounds, then, the EUBI is well placed to reduce EU wide social disparities over time and thereby strengthen social cohesion whilst respecting the principle of subsidiarity.

2.5.3. Facing the limitations of other Treaty provisions

If this argument is correct, it must be shown that the EUBI does not undermine other limitations provided by the Treaties. These concern the constitutional savings clauses and procedural requirements linked with the adoption of a decision by the Council. According to the former, article 153(4) TFEU limits the scope of EU action in order to avoid intrusion from EU law: it must not undermine the right of MS to define the fundamental principles of their social security systems, it must not significantly affect the financial equilibrium of national systems of social protection, and it shall not prevent any MS from maintaining or introducing more stringent protective measures compatible with the Treaties. Similarly, article 153(5) TFEU states that a legal act adopted must not apply to pay, nor undermine the right to association, to strike or to impose lock-outs.

With regards to the first set of limits provided by article 153(4), it is important to remember that the EU already impacts national systems of social protection's fundamental principles through its stringent macroeconomic governance and through its strategy of convergence within the social OMC, according to which the 'modernisation' of social systems is largely envisioned through the prisms of financial viability and flexibility. In other words, while EU action vis-à-vis national systems of social protection respects a principle of neutrality (i.e. MS remain formally sovereign in the field), it is not impartial in practice (i.e. the effective sovereignty of member states is limited). An explicit EU role in social protection might at least have the merit of escaping the current hypocrisy at play.

This said, the EUBI is not vulnerable to the limits set by constitutional savings clauses as it is not an instrument of harmonisation that would *de facto* impact national principles of social security. It

is able to accommodate a wide variety of social models, does not preclude any member state to introduce more protective measures, and would support the financial viability of national social systems precisely because it constitutes an unconditional ‘add-on’ to national social benefits. Thus, there seems to be no contradiction between the introduction of the EUBI and the preservation of national autonomy in designing policies of social protection. As far as article 153(5) is concerned, the establishment of the EUBI does not have any legal incidence on pay, nor on the right of association, the right to strike or to impose lock-outs.

Similarly, the EUBI respects the principle of proportionality which states that the content and form of Union action shall not exceed what is necessary to achieve the objectives of the Treaties (art. 5(4) TEU). According to Repasi (2017: 43), the constitutional saving clauses embody the principle of proportionality in the field of social protection. If this is true, then, the EUBI respects the principle. But, to make sure, it is interesting to look at the case law. According to a first interpretation by the Court, when a choice is available between various legal options, the principle of proportionality must be in favour of the less constraining legal option and the potential inconvenience caused by the policy must not exceed what is required to meet the set goals (Dony 2014: 99; Omarjee 2018: 30). In another reading related to its *ex post* jurisdictional control (i.e. when a measure has already been implemented), the Court has established that the only criterion that matters is not whether the legislator has made the best choice among the options available but whether the measure adopted is *appropriate with respect to set goals* (Dony 2014: 99). On the basis of the first interpretation, whilst constraining legally, the EUBI remains less so than, say, the EUBS which imposes minimum requirements, since it leaves an important room of manoeuvre to national welfare states. It is unclear, however, to what extent it can be interpreted as a policy that does ‘not exceed what is required to meet the set goals’ given its universal and unconditional nature. Yet, on the basis of the (less demanding) second interpretation, I already showed that the EUBI is a measure appropriate for the aims underlying the strengthening of social cohesion, where ‘appropriate’ means ‘fit for purpose’.

2.5.4. *A procedural impediment*

The last problematic aspect concerns the procedural requirements associated with the voting procedure to establish the policy action. Article 175(3) states that such action may be adopted according to ordinary legislative procedure, which means that it would be based on qualified majority voting (QMV) in the Council. However, even if the EUBI itself does not undermine the various constitutional saving clauses in substantive terms, a legal procedure based on QMV in fields related to member states’ system of social protection may *procedurally* undermine their right to define

the fundamental principles of their social security systems. Indeed, a pan-European redistributive policy of an interpersonal kind as the EUBI is *de facto* a top-up of national provisions of social protection. From a legal standpoint, it is implausible to have such a scheme implemented without providing each MS a say in its adoption, even more so considering that article 153 TFEU states that the Council must vote unanimously in matters of social security and cannot even legislate at all in matters of combating social exclusion (even if these provisions point to directives focused on minimum requirements). In short, even if one accepts that the goal of social cohesion is the appropriate one, it seems insufficient with respect to its voting procedure. A unanimous vote seems essential to implement a distributive scheme directly distributed to all European citizens. If this is not the case, article 175(3) might suffice on its own to establish the payment of an EUBI. If this is indeed problematic as I contend it is, there is a way to overcome this difficulty by combining article 175(3) with article 352(1), to which I now turn.

2.6. Article 352(1) TFEU

The provisions of the so-called ‘flexibility clause’ stipulates that

If action by the Union should prove necessary, within the framework of the policies defined in the Treaties, to attain one of the objectives set out in the Treaties, and the Treaties have not provided the necessary powers, the Council, acting unanimously on a proposal from the Commission and after obtaining the consent of the European Parliament, shall adopt the appropriate measures. (art. 352(1) TFEU)

Thus, for this article to constitute a suitable base for the EUBI, it must be shown that (i) the EUBI is necessary and appropriate to attain the objectives set out in the Treaties as provided by article 3 TEU in particular, (ii) that the necessary powers do not exist to achieve these objectives, and (iii) that the establishment of the EUBI does not undermine other limitations set by the Treaties.

With respect to point (i), it was already argued in section 2.1. that the EUBI supports the objectives of the EU provided by article 3(3) TEU which include, among others, social progress, a high level of protection, combating social exclusion, promoting social justice, and social, economic and territorial cohesion as well as solidarity among member states. These aims are also supported by article 34 of the Charter and article 14 of the Social Pillar on the right to a decent minimum income and must be understood in conjunction with the horizontal social clause of article 9 TFEU. Considered as a whole, these provisions can be assimilated to the objective of social cohesion as defined *supra*, which enables the EU to adopt a specific action to strengthen social cohesion in relation to poverty, social exclusion and unemployment.

As far as point (ii) is concerned, the reference to the lack of powers necessary to achieve the set objectives points to the insufficiency of explicit or implied competences in the Treaties.¹²³ However, the article does not allow to circumvent the structure of the Treaties in matters expressly prohibited by the Treaties: it may not provide a legal base to harmonise matters explicitly excluded by other treaty provisions, and it may not constitute a disguised treaty amendment or provide a new competence precluded by the Treaties. This is not an issue in our case since the insufficiency only concerns procedural legal frictions (i.e. the possibility of QMV in article 175(3) may undermine Member States' sovereignty in social security matters).

Then, how does article 352(1) helps to compensate for the weakness of art. 175(3)? When joining two different legal bases, their decision-making procedures are combined: while article 175(3) relies on an ordinary legislative procedure (and thus QMV), article 352(1) relies on the special legislative procedure (and thus unanimity), such that their combination leads to the ordinary legislative procedure with a unanimous vote (Beblavý 2017: 41). In short, by ensuring a unanimous vote in the Council, article 352(1) protects MS procedurally since it grants them a veto power in case they would consider the policy proposal against their interest.

With respect to point (iii), it was already shown that the EUBI does not undermine other limitations set by the Treaties in the area of social security law. Yet, there is one last article that limits the scope of article 352(1) and thus potentially bounds the possibility to implement the proposed action. Article 125(1) TFEU, also known as the 'no bail-out clause', states that '[t]he Union shall not be liable for or assume commitments of central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of any Member State'. In other words, this means that the EU is not allowed to finance MS which remain the sole responsible entities for their budgetary commitments.

As pointed out by Beblavý and Lenaerts (2017: 60-61), two arguments can be invoked in response when considering the establishment of a pan-European distributive measure. First, the EUBI works independently of the financial commitments of MS since its purpose is not to be a substitute of national social protection schemes nor to assume Member States' financial commitments, even if it might indirectly support their capacity to do so. Yet, this argument may still remain insufficient

¹²³ Implied or implicit competences refer to the extensive view of competences set by the Court of Justice in its 'teleological' interpretation of the principle of conferral which is focused more on the *finality* rather than on the letter of the texts; in other words, the ECJ has developed 'a theory of implicit competences' rejecting the interpretation according to which competences can only be based on the explicit provisions expressed by the Treaties (Dony 2014: 77). The EU is thus able to extend the scope of its powers within set competences if 'necessary for the exercise of express powers or indispensable for a Union institution in order to carry out a task conferred upon it by the Treaties' (Repasi 2017: 37).

when considering the interpretation of article 125(1) in the case law according to which its main objective is to ensure the financial stability of the monetary union. It does not prohibit financial assistance if there is a legal base for it but the scope of that legal base is restricted by certain conditions, as clarified by the Court: ‘Article 125 TFEU does not prohibit the granting of financial assistance [...] provided that the conditions attached to such assistance are such as to prompt that Member State to implement a sound budgetary policy’ (CJEU 2012: §136). Thus, and this is the second argument, it must be shown that the EUBI does not provide an incentive for Member States to escape their budgetary requirements. This is, in effect, a problem of moral hazard. Considering that Repasi (2017: 45-46) and Beblavý and Lenaerts (2017: 60-61) argue that the EUBS would not be vulnerable to the limit set by article 125(1) if the latter is accompanied by clawback and experience-rating mechanisms and considering that it was shown in chapter five that the risk of institutional gaming is lower in the case of the EUBI than in the EUBS, it can be assumed by transitivity that the EUBI is not vulnerable to this article either.¹²⁴ Not only can it be argued that the EUBI involves a lower risk of producing disorder in Member States’ incentive structure, it can also work as a tool accompanying the pursuit of a ‘sound budgetary policy’ given its positive externalities as a macroeconomic stabiliser.

If these arguments hold, then, the combination of article 175(3) and article 352(1) TFEU seem to constitute an appropriate legal base for the adoption of the EUBI. If they do not, one has to look for alternative options, which fall into two main categories: differentiated integration, which includes the possibility to adopt the EUBI through enhanced cooperation or an intergovernmental treaty among willing member states, and treaty change. I briefly consider these three possibilities in turn.

2.7. Differentiated integration

Given the highly controversial idea of giving ‘something for nothing’ (see chapter three on reciprocity), institutionalising the EUBI on the legal bases identified above may prove to be a difficult strategy if it cannot find sufficient political support among all MS. If this is so, enhanced cooperation or the establishment of an intergovernmental treaty among willing parties may constitute a plausible option for a subset of Member States convinced by the proposal. However, in light of my preference for an EU-wide proposal, this constitutes a drawback in the sense that social rights enjoyed by Europeans would vary depending on country of residency, producing in

¹²⁴ It was shown that governments cannot easily influence the level of payments, its coverage or its triggering mechanism since it is a fixed, uniform, permanent, unconditional and universal payment (see chapter five, section 4.2.5).

fact two different classes of EU citizens. Moreover, existing EU-wide social imbalances may also deepen between participating and non-participating countries, possibly making it more difficult for other Member States to join at a later stage. With this in mind, I explore it nonetheless as a potential option, starting with enhanced cooperation.

2.7.1. Enhanced cooperation

The procedure of enhanced cooperation is proclaimed by article 20 TEU and its requirements for implementation are provided by the articles 326 to 334 TFEU. The provisions of enhanced cooperation allow MS which wish to establish enhanced cooperation between themselves in areas that do not fall within the scope of the EU's exclusive competences to pursue further integration, under a series of conditions which can be summed up as follows. Enhanced cooperation must favour the realisation of the Union's objectives, protect its interests and reinforce its integration process, it must involve at least nine Member States, and must remain open to all other member states which desire to join at any stage (art. 20 TEU). It must respect the Treaties and Union law and may not undermine the internal market or economic, social and territorial cohesion or constitute a distortion of competition (art. 326 TFEU). It must respect the competences, rights and obligations of member states that do not participate (art. 327 TFEU). Finally, it must be used as a solution of last resort only if it has been established that the objectives of such cooperation cannot be attained within a reasonable period by the EU as a whole (art. 20(1) TEU). If these conditions are met, the Council shall adopt the procedure of enhanced cooperation through QMV while the participating MS may agree on the action through the procedural requirements provided by the Treaties in the fields concerned by the subject-matter (Dony 2014: 105-106).

It follows from the analysis undertaken in previous sections that the legal bases supporting the EUBI fall within the scope of non-exclusive competences (i.e. shared competences), that the policy proposal would support the Union's objective to ensure proper social protection and strengthen social cohesion and that it would not undermine the competences, rights and obligations of other Member States since it is an unconditional scheme that does not impact the distribution of competences nor the right to define national fundamental principles of social protection. According to Repasi (2017: 57), the prohibition to undermine the internal market or the threefold objective of cohesion 'is to be understood that provisions adopted under enhanced cooperation just as national law may affect the exercise of the fundamental freedoms'. It seems fair to assume that an unconditional scheme providing additional income security to combat poverty, social exclusion and unemployment would, to the contrary, act as a catalyst for fundamental freedoms. Moreover, the EUBI will not impact social cohesion in non-participating member states but

reinforce it between partaking countries. In sum, enhanced cooperation provides another feasible legal route provided that there is sufficient political will among a minimum of nine Member States.

2.7.2. *Intergovernmental treaty*

Another possibility consists in establishing an international agreement between willing Member States, outside of the existing legal framework. Such an *inter se* agreement would be constitute under International law. The most notorious and recent example of the use of this intergovernmental method is provided by the European Stability Mechanism (ESM) instituted by 19 Member States in reaction to the euro crisis.

However, the European legal framework limits Member States' capacity to use international agreements. In his analysis of the matter, Repasi concludes that member states may settle a legally valid intergovernmental treaty under international law provided that:

- (i) Intergovernmental *inter se* agreements may not modify Primary law if concluded outside of Article 48 TEU;
- (ii) Intergovernmental *inter se* agreements have to be in compliance with existing Primary and Secondary law;
- (iii) Intergovernmental *inter se* agreements are pre-empted within the scope of
 - exclusive Union competences or of
 - shared Union competences to the extent that the Union has exercised them;
- (iv) Intergovernmental *inter se* agreements of all Member States may only be concluded if a Union legislative procedure failed or is likely to fail;
- (v) Intergovernmental *inter se* agreements of a subset of Member States may only be concluded if an Enhanced Cooperation failed or is likely to fail;
- (vi) Intergovernmental *inter se* agreements may not circumvent Union legislative procedures if there is a Commission proposal on the basis of a shared Union competence. (Repasi 2017: 60)

Based on these considerations, the EUBI may be established through an intergovernmental treaty since the only uncertainty comes from points (iv) and (v). If the conclusions of sections 2.3.3. and 2.3.4 are correct, a Union legislative procedure can be envisaged on the basis of existing treaty provisions and enhanced cooperation constitutes a potential alternative legal route. Thus, an *inter se* agreement can only be legally valid if these failed or are likely to fail. This has yet to be demonstrated¹²⁵ but this conclusion has the merit of clarifying the temporal sequence in which an intergovernmental agreement might be envisaged as an alternative option for the EUBI's legal feasibility.

¹²⁵ One could argue, as Repasi (2017: 60) does in the case of the EUBS, that given the complexity of combining legal bases with different procedures (i.e. article 175(3) based on ordinary legislative procedure and article 352(1) based on special legislative procedure), the Union legislative procedure could face important difficulties. If Member States willing to enhance cooperation use the same legal base, one may come to similar conclusions.

2.8. *Treaty change*

The ultimate possibility for establishing the EUBI is the amendment of the Treaties. Three procedures are possible for treaty revision: the ordinary revision procedure (art. 48(2-5) TEU), the simplified revision procedure (art. 48(6) TEU), and the use of the so-called ‘clause passerelle’ (art. 48(7) TEU). The ‘clause passerelle’ deals with the modification of decision-making procedures from unanimity to QMV and is thus not relevant here. The two other revision procedures can be envisaged but the simplified revision procedure appears as the best candidate for treaty change in order to establish the EUBI.

The ordinary revision procedure constitutes the ‘big bang’ option as it is used to extend (or reduce) the competences of the Union. However, this is neither desirable nor necessary. It is not desirable because the aim is not to establish a new exclusive competence for the EU in social protection: this would prove to be difficult given the wide variety and the great complexity of national social protection systems and could risk lowering social standards in Member States with the most comprehensive welfare states. Rather than replacing national social models, the EUBI is to support them in their diversity while contributing to upward social convergence in a non-intrusive way. The ordinary revision procedure is also not necessary because the simplified revision procedure provides a way to increase powers within set competences such that the EU would be able to take a more active role in social protection without making it an exclusive competence.

The simplified revision procedure only concerns the internal policies and actions of the Union which belong to part three TFEU and include article 153 on social protection as well as articles 174 and 175 on cohesion. The EUBI could thus be established by amending these provisions. In other words, the treaty reform should be focused on extending the scope of the Union’s powers *within set shared competences* so as to allow it to take a distributive complementary role to Member States’ prerogatives in social protection. Depending on how the objectives of the EUBI are framed, this could mean amending article 153 to allow other forms of legal acts than directives in the field of combating social exclusion and social security in order to establish legal claims for individuals against Union bodies or funds. It could also mean amending article 175(3) in order to make clear that the EU is allowed to take such an active role in providing social transfers to strengthen social cohesion considered as a stand-alone objective. It might also demand a clarification of the cases in which the EU can introduce financial assistance to Member States to ensure a proper social protection and a decent minimum income which means, in effect, a reform of the no bail-out clause (art. 125 TFEU). Finally, to be effective, treaty reform must be adopted by the European Council unanimously before being ratified in all Member States.

Whichever route is followed, treaty reform is a long and difficult political process. This is why it was argued in the introduction that the likelihood of the EUBI to be implemented is much higher if it can be shown that it can be done within the current legal framework. However, even if one considers that there is no suitable legal base for the EUBI within the Treaties, treaty change always remains a possibility for the adoption of the EUBI. In other words, if the last resort option is to amend the treaties, this only (arguably) reduces the scope of the EUBI's probability to be implemented given its dependence on achieving wide political support – and therefore demands an assessment of other feasibility constraints such as public opinion acceptance or strategic coalition building – but it does not constitute a knock-out argument against its legal feasibility *per se*.

In sum, it has been shown that the combination of articles 175(3) and article 352(1) TFEU may provide a suitable legal base for the establishment of the payment side of the EUBI within the existing legal framework of the Union. The latter may also be established according to two different approaches of differentiated integration: through article 20 TEU which allows Member States to enter the framework of enhanced cooperation or through an intergovernmental treaty to the extent that the Union's legislative procedure and enhanced cooperation have failed. Finally, treaty amendment through the simplified revision procedure constitutes another, lengthier and more complex, possibility for the scheme's legal feasibility.

3. Legal feasibility: establishing the financing of the EUBI

Besides the legal base necessary for the payment of the EUBI, one still needs to analyse the legal feasibility of its financing side. This aspect refers to the budgetary rules under EU primary and secondary law concerning the resources that the EU can mobilise to finance the EUBI. This section thus explores the potential suitable legal bases for the EUBI's financing, either within the Union's general budget or through a specific fund dedicated to the scheme outside EU budget.

3.1. Within EU budget

The legal framework surrounding the Union's financial resources and its general budget is provided by articles 310-326 TFEU, the Council Decision on the system of the European Community's Own Resources (EU 2007, hereinafter: Own Resource Decision) and the Regulation No 966/2012 on financial rules applicable to the general budget of the Union (EU 2012).

The financial resources of the Union must respect a series of principles among which one can find the 'principle of adequacy of the means' which states that '[t]he Union shall provide itself with the means necessary to attain its objectives and carry through its policies' (art. 311(1) TFEU). The

‘principle of autonomy’ states that ‘without prejudice to other revenue, the budget shall be financed wholly from own resources’ (art. 311(2) TFEU); EU 2007: art. 1(2)).¹²⁶ In other words, there are two main sources of revenues, ‘own resources’ and ‘other revenues’, with the former dedicated to financing the general budget while the latter can be earmarked to finance exclusively a specific purpose.¹²⁷ The ‘principle of equilibrium’ imposes that the budget is always balanced between revenues and expenses such that the Union may not borrow to cover its expenditures. This is reaffirmed differently by the ‘principle of sound financial management’ which states that the Union’s expenditure shall be financed ‘within the limit of the Union’s own resources and in compliance with the multiannual financial framework’ (art. 310(4) TFEU) established for five years in order to ‘ensure that Union expenditure develops in an orderly manner’ (art. 312(1) TFEU). Protocol n°28 on economic, social and territorial cohesion also provides a ‘principle of solidarity’ which is to be understood as Member States’ intention to take into ‘account the contributive capacity of individual Member States in the system of own resources’. Besides, the budget itself is regulated by a ‘principle of unity’, stating that all expenditure and revenues shall enter a single budgetary document, and which incorporates a ‘principle of completeness’ according to which the budget includes every predictable revenue and expenditure. Moreover, the ‘principle of accuracy’ means that the EU shall not spend more than necessary, the ‘principle of universality’ stipulates that all (own) revenues are pooled to finance expenditure without distinction, and the ‘principle of specification’ means that each expenditure appropriation must have a given purpose and be assigned to a specific destination objective (EU 2012: 18-26).

Against this backdrop, the Regulation on financial rules (EU 2012) and article 314 TFEU provide the legal base for the introduction of a new budget line in the general budget. In this framework, the main difficulty for the EUBI derives from the fact that its financing would go beyond the current financial capacity of the EU.¹²⁸ In other words, its expenditure would exceed the EU’s revenues and thus be in breach of the principle of equilibrium (EU 2012: art.17(1)) unless new financial sources can be found. Additional budgetary income can be raised as ‘own resources’ with the Own Resource Decision as legal base (as stated by art. 311 TFEU), or as ‘other revenue’ if a legal base can be found in the Treaties, such that it is directly linked with EU policies and

¹²⁶ This principle should be relativised given the way it is implemented in practice: real autonomy would mean that the EU depends exclusively on its own revenues through a proper fiscal capacity but in reality only one source of revenue constitutes a genuine EU own resource, the so-called ‘traditional own resources’ constituted by duties on imported goods from third countries. The two others are, in essence, national contributions: a share of national VAT revenues and a share of member states’ gross national income. See EU (2007: art. 2 and 3) and EU (2012: 1).

¹²⁷ This is still different from the establishment of an agency outside the scope of EU budget.

¹²⁸ This might not be a problem if the EUBI is funded through the reallocation of (part of) existing funds but it might only raise a meagre basic income and thereby constitute an unappealing solution from the perspective of financial feasibility.

competences (EC 2017: 9). Moreover, new budget revenues may be based on additional contributions from member states or new EU-wide taxes. I evaluate the legal bases for establishing the financing of the EUBI according to these two possibilities.

New financial contributions from Member States would have to be specifically dedicated to the funding of the EUBI. Article 21(2) of the Regulation on financial rules provides the basis to classify financial contributions from MS as ‘external assigned revenue’ earmarked to finance specific items of expenditure and would thus enter the Union’s budget as ‘other revenue’. Since it does not fall under the scope of the Own Resource Decision, it needs to be associated with a Union’s competence. Moreover, similarly to the analysis done for the payment side, the budgetary sovereignty of MS needs to be respected such that the procedure needs to be based on unanimity. Given these considerations, the financing of a new Union action such as the EUBI may be based on article 352 TFEU which offers both the competence and a unanimous procedure (Repasi 2017: 49). This means that the adoption of the payment and the financing of the EUBI can be done in the same legal act.

The EUBI may also be financed by introducing new categories of EU own resources through EU-wide taxes. The European Commission has recently made a proposal in this sense, suggesting that the EU could create a new basket of resources based on a common consolidated corporate tax base, a contribution from the EU emission trading system and a plastic packaging waste-based resource (EC 2018a). EU own taxes need to be established on the basis of a Union competence and included in the Council Decision on the system of EU Own Resources (EU 2007) as specified in the procedure provided by article 311(3) TFEU.

With this in mind, I now evaluate the possibility to raise new EU own resources through EU wide taxes according to the various fields of taxation. In indirect taxation matters, article 113 TFEU allows the Council to adopt provisions for the ‘harmonisation of legislation’. Harmonisation of legislation is not exactly the same as creating an EU own tax which needs to be established by a Regulation (Repasi 2017: 51). However, it allows the EU to establish a uniform levy (or ‘call rate’) on national VAT which proceeds then generate revenue for the general budget, as is currently the case within the multiannual financial framework since 1980. Moreover, the European Commission has recently issued a Communication for an ‘action plan on VAT’ in order to establish single EU VAT area (EC 2016d), making it easier to levy a uniform call rate on a standard rated base for all EU countries, as suggested in the Commission proposal for a new Council Decision on the system of Own Resources (EC 2018a: 6). While a legal base for collecting all VAT revenues at Union level does not exist, the existing framework may be amended by further harmonising national VAT and

by raising the EU levy to provide for the financing of the EUBI, if adopted through a Council Decision.

Under this possibility, a European call rate of 1% to the standard VAT rate applied to the final consumption of goods and services could yield up to 20,9 billion euros (2009 prices) or, if further harmonisation of VAT rules between MS is done, up to 50,4 billion euros (Monti *et al.* 2016: 55). In GDP per capita, for a total population estimated at 512 million (Eurostat, figures 2018), this means an average of 40,8€/year and 98,5€/year and per capita. We are far from the 200€/month/citizen in average suggested in chapter five. This requires more harmonisation: in appendix, I show that an EUBI of that amount requires an effective Europeanised tax rate of 14,5% (when adjusted to PPP).

The European Commission also issued a proposal for a Council Directive on a common system of financial transaction tax (EC 2011) on the basis of article 113 TFEU, which it reiterated two years later under the procedure of enhanced cooperation (EC 2013b) and which is still an on-going process. While this proposal deals with a harmonisation of legislation, Repasi argues that part or all of its revenues could be possible under EU Treaties on the basis of article 352 TFEU (Repasi 2017: 51, fn 118). Under this possibility, Van Parijs and Vanderborght calculated that the EUBI could only yield ‘under fairly optimistic assumptions’ a basic income of 10€/person/month (Van Parijs and Vanderborght 2017: 237).

In matters of direct taxation, article 115 TFEU only allows to issue directives when ‘approximation’ of national laws, regulations or administrative provisions is required to ensure the functioning of the internal market. The Commission has made proposals in this sense concerning a common corporate tax base and a common consolidated corporate tax base (EC 2016e and 2016f). Similarly to the way the EU alimnts its own resources through a call rate on indirect taxation revenues, the EU issued a proposal for a common consolidated tax rate-based own resource (EC 2018a: 7). Again, an EU-wide corporate income tax is not allowed by the Treaties but, if a common consolidated tax base is adopted, it would be possible to apply a call rate on that base, provided that the Council integrates this new own resource in a new Own Resources Decision.

To yield sufficient revenues for an EUBI, however, it seems that the European corporate tax rate itself should be Europeanised, which would require treaty change. Van Parijs and Vanderborght (2017: 238) suggest that a harmonised corporate tax set at an EU-wide rate of 30% could yield an EUBI of 100€/person/month. The argument made in chapter five, about the coherence between

the source of funding and its redistribution as a benefit for EU citizens thus demands more substantial legal changes.

In matters related to environmental and energy taxes, articles 192(2)(a) and article 194(3) TFEU provide the legal bases to establish ‘provisions’ and ‘measures’ respectively when they are ‘primarily of a fiscal nature’. Contrary to EU powers in indirect taxation, this allows the Union to establish a Regulation, and thus an EU-wide tax. A carbon tax or an aviation tax can thus be envisaged on this legal base. Again, the Commission made a proposal to allocate a share of certain revenues from the total of allowances available for auctioning to the Union’s budget (EC 2018a: 8). It also suggested the introduction of a dedicated new tax on plastic packaging waste proportional to the quantity of non-recycled plastic packaging waste in each member state (EC 2018a: 8). Concerning the funding of the EUBI via environmental or energy taxes, Van Parijs and Vanderborght (2017: 237, esp. fn 47, p. 321) consider that a carbon tax could yield about 17€/person/month.

Overall, while the Treaties do not allow the EU to adopt its own tax in most fields, it can still rely on various mechanisms to generate new EU own resources and include them in the Own Resource Decision. These would then be part of the Union’s general budget (principle of universality) and their expenditure assigned to the EUBI (principle of specification). However, it seems that, under realistic assumptions, we are far from a substantial EUBI unless more harmonisation is done on the financing side, such as a harmonisation of the corporate tax rate, not simply a common consolidated tax base on which a call rate is applied, or further harmonisation of the VAT.

3.2. *Outside EU budget*

A final alternative consists in establishing the financing of the EUBI outside of the Union’s general budget, which may be done in two different ways (Repasi 2013: 11; Repasi 2017: 52-54; Beblavý and Lenaerts 2017: 62). A first way consists in creating an EUBI agency with its own legal personality and budget. Such a separate agency could be created on the basis of article 352(1) TFEU and could have its own budget committee composed by representatives of Member States. This may be a promising approach to establish an EUBI of about the 200€ on the basis of national contributions (for an average homogenised levy of 8% of GNI, see appendix).

The second approach follows from the example of the European Development Fund (EDF) such that a dedicated fund may be established by MS through an intergovernmental agreement and based on its own financial rules. Following the legal framework already explained above, such an international agreement can only constitute a solution of last resort. In other words, it is permitted

only to the extent that the Community method and the procedure of enhanced cooperation has failed or is likely to do so.

These two approaches nevertheless fail to satisfy the principles of unity and completeness of the Union's budget which consider that all revenue and expenditure should be integrated into one budget and be clearly identified and predictable. The purpose of these principles, however, is to safeguard the budgetary control of the Council and the European Parliament. Since the Council (in the first case) or the participating member states (in the second one) will necessarily be involved in the procedure setting up the agency or the dedicated fund, it is necessary to give the European Parliament the capacity to act as a supervisory body and the discharge of the fund's financial management. This would respect its democratic control over the Union's resources and its budgetary sovereignty rights.

Overall, the analysis of the financing side reveals that it is legally feasible to fund the EUBI at EU level. The objection must thus be rejected. However, under the legal options currently available or in the Commission's 'pipeline', the EUBI may only be set at a fairly low amount. My calculations in appendix, used to provide an example of an EUBI of 200€ in chapter five, would thus require more harmonisation on the financing side.

4. Conclusion

The exploration of legal feasibility has shown that the Treaties may provide a suitable legal base for the establishment of the EUBI. In case one considers that these arguments do not hold, it has also shown what alternatives can be envisaged outside the legal framework provided by EU primary and secondary law, either through intergovernmental agreements or through the procedure of treaty change. The exploration of the financing side has shown that the EUBI may be established within or outside the EU budget. However, a rough look at realistic funding opportunities seems to show that these remain unsatisfying unless more harmonisation of the funding sources can be achieved.

Overall, the analysis of *legal* feasibility opens the door to further research in terms of *financial* feasibility – how much can the sources of funding identified with valid legal bases yield? –, in terms of *administrative* feasibility – how is the EUBI to be operationalised between the EU and its MS for its distribution to the citizens? – and finally, its *political* feasibility – how can it be put on the political agenda?

CONCLUSION

1. What have we learned?

In this thesis, I sought to answer one central question: to what extent, if at all, is the European universal basic income a worthwhile policy to address the problem of poverty in the European Union?

I defined this problem as a deficit of social protection. In other words, the current organisation of social welfare in the EU is insufficient to protect all Europeans effectively against the risk of poverty and social exclusion. This negative state of affairs is the result of a series of trends, dynamics and shortcomings which render the prospects of the EU poverty target, aiming to lift 20 million of Europeans out of poverty by 2020, particularly dim at this point. A growing part of the population is affected by new and multidimensional forms of economic insecurity resulting, *inter alia*, from the demands of labour market flexibility. Minimum income schemes, which constitute the typical last-resort safety net to prevent individuals from falling into poverty, face important shortcomings in terms of coverage, adequacy and take-up. The destructuring impact of European integration, marked by a neoliberal bias in favour of market-making policies, affects national redistributive capacities, while positive integration in social protection must face major political barriers associated with the wide diversity of Member States' social models and their importance as a source of legitimacy. The lack of consensus has resulted in a social deficit at the heart of the European project whilst the development of EU macroeconomic governance policy favoured tightened activation policies and limited public expenses at the national level. All these factors combined provide the environment in which one in four Europeans remain at risk of poverty or social exclusion.

In light of this and against the backdrop of my normative account of a multi-tiered Social Europe based on a sufficientarian principle, my examination of the EUBI, defined as a partial cash payment distributed to all citizens and residents living in the EU on an individual and unconditional basis, revealed that there are powerful motives to consider it as a good candidate to mitigate the problem at hand. I identify three main levels of action: individual, national and supranational.

The EUBI can primarily be understood as a radically novel form of EU anti-poverty strategy aiming at providing, in combination with national social models, a social minimum to all its citizens and residents. As a complement to national social benefits or to earnings from other sources, its amount is simply added to one's disposable income. Someone living a precarious life on the labour market may thus see it as a cushion, providing an additional source of income that offers not only more

money but the assurance of a regular and permanent income flow, thereby reducing, even if modestly, the strains of precarious and uncertain lives. For someone benefiting from minimum income protection, even an EUBI set at a level of 200€ in average may bring a Romanian or Bulgarian above the poverty line, and meaningfully improve the situation of those on welfare in France or Germany. Its impact in this case is likely to be more important for the worst-off residing in countries with less advanced welfare states, but it would be significant throughout the EU.

At Member State level, the EUBI provides an instrument of stability for national social models in a context marked by important interdependencies and, therefore, significant risks. National social models are integrated in a common market and, for a majority of them, in a monetary union, such that asymmetric shocks hitting one country may lead to negative externalities in other Member States as well. As a supranational shock absorber based on cross-border transfers, the EUBI thus also responds, albeit potentially with moderate effects, to one of the functional requirements of economic integration and, more specifically, monetary integration, that is, the need for a fiscal union.

At EU level, the EUBI embodies a commitment to expanding the EU's 'opportunity structure' to all those not effectively enjoying its perks. Whilst the EU legal order has provided individuals the formal capacity to pursue their conception of the good life beyond national borders, they face unequal prospects in their genuine ability to do so. For instance, Member States can still reduce access to their social assistance schemes if a national from another country becomes a 'burden'. By providing a benefit attached to EU citizenship and legal residency, then, the EUBI may be the basis of a new level playing field providing a more secure access to the effective enjoyment of the freedom of movement, as well as the freedom not to move if one wishes so. Similarly, it offers a way to flesh out the Social Pillar by making some of its social rights and principles both tangible and *de facto* Europeanised. Whilst one may argue that these benefits of the EUBI pertain to the individual level, my emphasis here is on the transnational aspect of the EUBI: it is a policy that is European in scope and substance which materialises European social citizenship.

If the EUBI is funded out of resources that can be associated with market integration, such as a European corporate tax, the VAT or the financial transaction tax, it would have two additional effects on the national and transnational dimensions. By europeanising the corporate tax, MS may see the stability of their encompassing environment increase as the risk of fiscal dumping may be tamed. At EU level, it establishes a clear link between the benefits of European integration and European citizens. As such, by increasing the coherence between funding source and instrument

of payment, and by providing a tangible, visible, and regular benefit, the EUBI may, arguably, increase the legitimacy of the EU, perceived as a more caring Union.

This said, throughout the dissertation, I focused on how the EUBI may improve the social dimension of European integration, all other things kept equal. Other measures may be necessary with or without the introduction of the EUBI. For example, a framework directive on adequate minimum income protection would ensure that all individuals receive a sufficient level of resources. Yet, it is likely to demand some form of redistribution to help countries for whom this requirement would be most difficult to achieve. The EUBI could well offer this support in a more direct and effective way. If implemented together, then, the minimum requirement prevents MS from lowering their benefits by the amount of the EUBI unleashing its full potential as a complementary measure. Similarly, the introduction of a European unemployment benefit scheme (EUBS) may improve significantly the stability of European economies but, again, if combined (in its reinsurance version) with an EUBI, then both schemes may offer complementary forms of stabilisation, the former being focused on large asymmetric shocks, and the latter on smaller cyclical shocks.

The EUBI is not the panacea. But it has the advantage to score well on a wide range of issues and to prompt mutually reinforcing effects at the different levels (individual, national, European) of the EU polity. It is not only a *desirable* solution to address the current negative state of affairs. It is also a *feasible* one, at least if feasible means legally feasible, as there is a case for it to be established on the basis of existing Treaties, by combining articles 175(3) and 352(1) TFEU.

On these grounds, the EUBI does provide a worthwhile answer to the problem of poverty in the EU as it tries to address the challenge of building an inclusive society in which the values of equality, dignity and solidarity take a central place. As such, it cannot be ignored by EU scholars and policy makers alike.

2. Pathways from here

By undertaking an interdisciplinary research, my aim has been to clarify the main debates surrounding the idea of a distinctively *European* UBI and to see how it relates to a number of puzzles: the social deficit of European integration and the shortcomings of EU anti-poverty approach, issues of justice in the EU, stabilisation in the Eurozone, and institutional feasibility. By opening all these different doors, I tried to establish a comprehensive groundwork for further fine-tuned analysis in each of them.

It will now be the task of scholars to dig deeper into the following areas. First, researchers may take on issues related to the implementation of the EUBI, starting with the very specifics of

concrete policy proposals, through more thorough analysis of funding sources, the level of payment or the criteria necessary to differentiate payments between countries or between regions. Whilst the various funding avenues need further exploration, it is important to note that financial concerns are not just a matter of ‘finding the money’. Each funding scheme means a different normative approach of EU social and fiscal justice and would lead to different outcomes. The EUBI does not operate in an institutional vacuum and the choice of the funding source is never a neutral operation. What is needed is a coherent vision overall of the policy’s goals, justifications, and funding schemes, and a fine-tuned assessment of its potential risks, expected outcomes and implementation requirements.

Reesearchers may also be interested to further explore the macroeconomic effects of the EUBI, taking into account different tax sources for instance, and widen the scope of the analysis, to look at its multiplier effect, its impact on aggregate demand and on inflation. More fundamentally, an enquiry into possible tax-and-transfer recalibration at national level would be useful, as the scheme may produce adverse effects. For instance, I showed in chapter five that there is a risk of national downward adjustments if the EUBI is not accompanied by a requirement of adequacy on the part of MS. If the EUBI replaces national benefits, it reduces the stringency of EU’s rules for public finances. But if this is done at the cost of guaranteeing a minimum threshold of resources, then the EUBI loses its role and becomes a mere form of public budget support.

Moreover, I have suggested an EUBI paid to all citizens and residents alike, but it would be interesting to see how the EUBI may be differentiated across age groups, possibly to implement it in different steps, focusing first on children or young people for example, who are among the most vulnerable in terms of poverty and, as concerns the youth, in terms of unemployment as well. A step-by-step approach may also arguably improve the legitimacy of the scheme. A European child basic income would resemble the kind of universal child benefits that already exist at national level in many MS, does not face the reciprocity objection, and may thus be perceived as more acceptable. An EUBI centred on youth could be seen as an extension of EU action through the ‘youth guarantee’ which aims at supporting MS in training and integrating young people in the labour market, thereby supporting a population typically affected by the insecurities of the precariat.

Another aspect related to implementation points to the organisation of the system of transfers. I mentioned a ‘direct link’ between the EU and its citizens but the question remains as to whether it should be transferred directly by an independent European agency or mediated via national agencies, and if so, which ones? One can imagine that EUBI recipients would be identified on the basis of their national social security number or through electoral registers, the former being

arguably more comprehensive. If a European agency is set up, it could make the payments directly on all bank accounts. Another way would be to transfer European funds to national (regional /local) public authorities who would then make the payment on the basis of their information. The first option is demanding in terms of institutional set-up but creates the direct link between the EU and its citizens in practice while reducing the risk, more present in the second option, that payments be diverted from their purposes.

Finally, a sociological analysis of the different actors, for instance distinguishing between the positions on the EUBI of those at the 'core' (European institutional actors), at the 'semi-periphery' (civil society organisations, such as the European anti-poverty network) and at the 'periphery' (citizens) could be one way to address the question of its political feasibility.

Bearing this in mind, this thesis can be seen as a door-opener, which shows why the idea of a European basic income deserves more interest. At the political level, surely, the will for such a controversial idea may still default, not only because of its very nature which means 'giving something for nothing' to many, but also precisely because it is about pan-European solidarity. Nevertheless, it is also when the right background conditions lack cruelly that it is all the more necessary for academics to investigate the potential of realistic utopias. This is what I tried to do in this dissertation.

APPENDIX: METHODOLOGY USED FOR SIMULATIONS

The calculations have been performed on the Microsoft Excel software. All data used, unless explicitly expressed, are coming from the Eurostat database and are for the year 2015.¹²⁹ The calculations can be divided into two parts:

The first part relates to the expenses of the organization in charge of implementing such a redistributive scheme (in our case the European Union). These expenses are driven by the amount redistributed to the citizens involved in the scheme, amount which have been fixed by the researcher. This amount can be fixed or adapted to the purchasing power of every country involved in the scheme.

$$transfer_i = pop_i \times amount_i \quad (1)$$

$$Expenses = \sum_{i=1}^N transfer_i = \sum_{i=1}^N pop_i \times amount_i \quad (2)$$

Where N is the number of countries participating to the scheme, $transfer_i$ the amount transferred to country i , pop_i the target population of the scheme in country i , $amount_i$ the amount received by each recipient, and $Expenses$ the total amount of money transferred in the scheme

In the case of a fixed amount for all countries,

$$Expenses = amount \times \sum_{i=1}^N pop_i \quad (3)$$

Where $amount$ is the amount fixed by the researcher.

In the case of an amount adapted to the purchasing power parity,

$$amount_i = amount \times PPI \quad (4)$$

$$Expenses = amount \times \sum_{i=1}^N pop_i \times PPI_i \quad (5)$$

Where PPI is the Purchasing Power Parity (EU28 = 1) in euros

The second part of the calculation relates to the needed revenues to finance such a scheme. To do that, we link Expenses and Revenues by making the hypothesis of a « null sum game » (each euro received by the revenue streams modelled is indeed used to finance the scheme):

$$Expenses = Revenues \quad (6)$$

We have modelled two different possible revenue streams: a national contribution-based financing and a VAT based financing.

For the national contribution-based financing, we calculated the ratio giving the number of sums of GNIs (which basically represent the maximum available budget in the most extreme case) necessary to finance the scheme among participating countries:

$$r_{GNI} = \frac{Expenses}{\sum_i^N GNI_i} \quad (7)$$

We then apply the obtained percentage to all GNIs individually

$$Revenues = \sum_{i=1}^N Contrib_i \quad (8)$$

$$Expenses = \sum_{i=1}^N Contrib_i \quad (9)$$

¹²⁹ The data compilation and simulation as well as the methodological clarifications have been done in close cooperation with Jean Mansuy, doctoral researcher at the Vrije Universiteit Brussel (VUB).

$$r_{GNI} \times \sum_{i=1}^N GNI_i = \sum_{i=1}^N Contrib_i \quad (10)$$

$$\sum_{i=1}^N r_{GNI} \times GNI_i = \sum_{i=1}^N Contrib_i \quad (11)$$

Which in the end gives for each country

$$Contrib_i = r_{GNI} \times GNI_i \quad (12)$$

The second revenue type considered is a european VAT. To model the revenue stream coming from such a tax, we used the total household expenditures as a tax base.

$$VAT = \frac{Expenses}{\sum_i^N expenditure_i} \quad (13)$$

Where $expenditure_i$ is the final consumption expenditure of households in country i

We then apply the obtained ratio to all total household consumptions individually

$$Revenues = \sum_{i=1}^N Contrib_i \quad (14)$$

$$Expenses = \sum_{i=1}^N Contrib_i \quad (15)$$

$$VAT \times \sum_{i=1}^N expenditure_i = \sum_{i=1}^N Contrib_i \quad (16)$$

$$\sum_{i=1}^N VAT \times expenditure_i = \sum_{i=1}^N Contrib_i \quad (17)$$

Which in the end gives for each country

$$Contrib_i = VAT \times expenditure_i \quad (18)$$

We then deduce the Net Contribution of each country to the scheme from contributions and transfers.

$$Net Contrib_i = Contrib_i - Transfer_i \quad (19)$$

By including (1) and (12) in equation (19) we obtain the Net Contribution for a national contribution-based financing.

$$Net Contrib_i = r_{GNI} \times GNI_i - pop_i \times amount_i \quad (20)$$

Or, as a ration of GNI,

$$r(Net Contrib_i) = \frac{r_{GNI} \times GNI_i - pop_i \times amount_i}{GNI_i} \quad (21)$$

$$r(Net Contrib_i) = r_{GNI} - \frac{pop_i \times amount_i}{GNI_i} \quad (22)$$

By including (1) and (18) in equation (19) we obtain the Net Contribution for a VAT based financing.

$$Net\ Contrib_i = VAT \times expenditure_i - pop_i \times amount_i \quad (23)$$

Or, as a ratio of GNI,

$$r(Net\ Contrib_i) = \frac{VAT \times expenditure_i - pop_i \times amount_i}{GNI_i} \quad (24)$$

Average homogenised levy

	Without PPP	With PPP	
From national contribution	8,3%	8,0%	% of GNI
From European VAT	15,2%	14,5%	% of final consumption expenditure of households

EUBI financed by national contribution (as % of GNI)

Countries	Net contribution as percentage of GNI	
	Without PPP	With PPP
Belgium	-2%	-1%
Bulgaria	32%	9%
Czech Republic	8%	2%
Denmark	-3%	-1%
Germany	-2%	-2%
Estonia	7%	3%
Ireland	-2%	-1%
Greece	6%	4%
Spain	2%	1%
France	-1%	-1%
Croatia	15%	6%
Italy	1%	1%
Cyprus	3%	2%
Latvia	11%	5%
Lithuania	11%	3%
Luxembourg	-4%	-3%
Hungary	14%	4%
Malta	4%	2%
Netherlands	-2%	-1%
Austria	-2%	-1%
Poland	14%	3%
Portugal	6%	3%
Romania	22%	6%
Slovenia	5%	2%
Slovakia	9%	3%
Finland	-2%	0%
Sweden	-3%	-1%
United Kingdom	-2%	0%

EUBI financing by European VAT (as % of GNI)

Countries	Net contribution as percentage of GNI	
	Without PPP	With PPP
Belgium	-1%	0%
Bulgaria	30%	8%
Czech Republic	9%	2%
Denmark	-2%	0%
Germany	-1%	-1%
Estonia	8%	3%
Ireland	-1%	1%
Greece	5%	3%
Spain	2%	1%
France	-1%	0%
Croatia	14%	6%
Italy	0%	0%
Cyprus	1%	0%
Latvia	10%	4%
Lithuania	10%	2%
Luxembourg	-3%	-1%
Hungary	15%	5%
Malta	4%	2%
Netherlands	-1%	0%
Austria	-2%	-1%
Poland	13%	3%
Portugal	4%	2%
Romania	21%	5%
Slovenia	5%	3%
Slovakia	9%	2%
Finland	-2%	0%
Sweden	-1%	0%
United Kingdom	-3%	-1%

Additional expenditure for a VAT-based financing compared to national contributons

Net receivers do not inevitably become net contributors, they can still be net receivers but with X% less

	Additional financing
Countries	VAT vs fixed %GNI
Belgium	-10%
Bulgaria	19%
Czech Republic	-6%
Denmark	-17%
Germany	-7%
Estonia	-7%
Ireland	-15%
Greece	22%
Spain	3%
France	-5%
Croatia	5%
Italy	10%
Cyprus	26%
Latvia	9%
Lithuania	20%
Luxembourg	-21%
Hungary	-10%
Malta	-4%
Netherlands	-20%
Austria	-6%
Poland	10%
Portugal	18%
Romania	13%
Slovenia	-6%
Slovakia	2%
Finland	-4%
Sweden	-22%
United Kingdom	15%

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Et pour ceux qui veulent et qui comprennent, je terminerai, comme à l'accoutumée, simplement par ceci : « méfait accompli » !