

The European Universal Welfare State: Democratic Relational Equality for the European Union

Name: Christian Takow
Email address: c.takow@unimail.leidenuniv.nl
ID number: s1314513
Version: Final
Thesis Seminar: Inequality: its nature, measurement, and social significance
Study program: Master of Science Political Science
Supervisor: Dr. Nicholas Vrousalis
Second reader: Dr. Hans Oversloot
Word count: 17,006
Date: 10/06/2014

Abstract

This Master Thesis in political philosophy aims to resolved the distributive inequalities within the European Union. This can be managed with the theoretical framework of democratic relational equality. Disregarding luck egalitarianism for its narrow scope on pure redistributive measures, it is argued that democratic equality within the EU has to be achieved with either the welfare state or an unconditional basic income. After the European applications of both the unconditional basic income and the welfare state are discussed, it is argued that democratic relational equality is much more compatible with the European Welfare State than with the Euro-dividend due to the former's better performance on the decommodification of the basic needs and the neutrality of the state, when distributing benefits.

Acknowledgment

While those encouraging me during the process of my work are the usual suspects for regards, a special thanks has to go to Dr. Christian Schemmel, who send me a chapter of his unpublished book. His analysis of the universal welfare state is a crucial argument for this thesis.

Introduction

“The large open market including all of Europe is aim of the large banks and the capitalist business class whose main goal is simply larger profit.”

(John Rawls, Three letters on *The Law of Peoples* and the European Union, 2003, p. 15)

Philippe Van Parijs (2003) refers to the letter he received in a correspondence with John Rawls as his most openly anti-capitalist text and the only writing in which Rawls deals explicitly with the European Union (EU). This is due to Rawls raising the currently most important issue of the EU when claiming: “One question the Europeans should ask themselves [...] is how far-reaching they want their union to be” (p. 15). His answer to Europe's most pressing issue is that “much would be lost if the European Union became a federal union like the United States” (ibid.). According to Rawls, the result of the EU internal market is - as already occurring in the United States (U.S.) - “a civil society awash in a meaningless consumerism of some kind” (ibid.). Therefore, he is “not happy about globalization as the banks and business class are pushing it“ (ibid.). However, Rawls subscribes to John Stuart Mill’s idea “of the stationary state” and is “under no illusion that its time will ever come – certainly not soon – but it is *possible*”. Hence, he refers to Mill's concept as an “idea of realistic utopia” (ibid.). Mill envisions in book IV, chapter 6 of the *Principles of Political Economy* (1848) that societal progress and profits can never be infinite. However, the end of growth would lead to a stationary state as a considerable improvement of the present condition of wealth and capital. He envisions a future in which technology and cultural progress leads to a stable standard of living.

While inequality and the remedy thereof has most certainly been an issue of analysis long before Mill, in the current age of global economic and financial crisis a discussion of a more equal society is more urgent than ever. In this regard, a recent article on progressive U.S. news website *Salon* by Thomas Frank demands that the explanations of inequality and its solutions cannot be left alone to economists. According to Frank (2014), the discussions about how to create a more equal society has to be reclaimed by those suffering the most from it:

“This is a job we have to do ourselves”. The urgency of this matter is expressed by Van Parijs (2012) calling for action when demanding real social justice within the EU as soon as possible: “There is no time to waste. Avanti!”.

While the economic debate on inequality might be a helpful insight, this Master Thesis is concerned with the issue from the perspective of political philosophy mainly when answering the research question what is better compatible with democratic relational equality: the European Welfare State or the Euro-dividend – an unconditional basic income on EU level? Before turning to the theoretical discussions of the concepts at stake, first, it should be made clear why the research question is confined to European Union. According to Van Parijs (2006), the process of the European integration “is imperfect, messy, chaotic, tortuous, frustrating and many would say profoundly undemocratic” (p. 3). Nevertheless, the EU “offers the closest approximation in the history of the world to the sort of institutional framework we increasingly need at the global level” to tackle injustice (ibid.). In this regard, the emerging global justice literature (e.g. Blake, 2001; Nagel 2005) can be helpful to explain the European scope of this Master Thesis, because it dismisses domestic justice as overly narrow. The authors subscribing to global justice usually defend cosmopolitanism (e.g. Pogge, 2007). Therefore, the demand of Van Parijs (2007) for a minimal global justice seems to be a compromise between the domestic and the global level. Accordingly, out of his conception it “would not follow that states and nations ought to vanish, that borders ought to be erased or peoples dissolved” (p. 650). Ultimately, instead of desperately holding on to them to prevent inevitable globalization, it should be considered how nation-states and borders “can best be constrained, reconfigured and empowered in the service of distributive justice for a global society of equals” (ibid.). In order to construct a European Union framework for the welfare state and the unconditional basic income (UBI) alike a concept called national pluralism advocated by de Schutter (2012) is used in this Master Thesis. It supposes “culturally permeated policies which attempt to be inclusive and give some form of equal consideration

to different cultural frames of references present in polity” (p. 180). With the help of this concept, de Schutter defends federalism within the European Union in order to *not* abolish the EU member-states and its sub-state units. Therefore, a common European identity would be necessary that would similarly also *not* abolish national or regional identities of the citizens of the EU. Once such a shared European identity supplementary to national and regional identities has been established, redistribution could be possible on not only on national, but also on a EU level. The feasibility of this proposal is the subject of the last chapter.

However, before this is considered it has to be understood how compatible the Euro-dividend and the European Welfare State are with democratic equality. Therefore, the first chapter distinguishes this concept from another egalitarian approach: luck egalitarianism. For Anderson (1999), who is fiercely opposing of luck egalitarians (such as. Arneson, 2004; Cohen, 2011; Dworkin, 2000; Nagel, 1991; Rakowski, 1991; Roemer, 1994, even Van Parijs, 1995) and advocating democratic equality, the aim of egalitarian justice is “not to eliminate the impact of brute luck from human affairs but to end oppression, which by definition is socially imposed” (1999, p. 288). Anderson rejects luck egalitarianism as “too narrowly focused on the distribution of divisible, privately appropriated goods, such as income and resources, or privately enjoyed goods, such as welfare” (ibid.). She uses democratic equality to attack egalitarianism from the left. This is because she claims that “recent academic work defending equality had been secretly penned by conservatives” (ibid., p. 287). Anderson defines her concept by claiming that it “integrates principles of distribution with the expressive demands of equal respect” while “seeking the construction of a community of equals” (p. 289). According to Anderson, democratic equality makes possible that all citizens abiding to the law are able to get “access to the social conditions of their freedom at all times” (ibid.).

In order to apply the European Welfare State and the Euro-dividend on the above-mentioned concept of democratic equality, it has to be defined first how to conceive of the

two approaches. This is the essential task of the second chapter. Given that the Euro-dividend is based on the idea of an unconditional basic income, in the first part of the second chapter (section 2.1.) is concerned with an UBI as explained by Van Parijs (1995). According to him, unconditional basic income constitutes “[t]he most sustained, systematic ethical case for a radical reform” (1995, p. 2). He defends this view on the grounds that a basic income would provide people with what he calls real freedom-for-all to choose how to spend their life. Therefore, UBI is “far more than a mere abstract possibility in the economic and political context of contemporary Europe: a central component of what is urgently needed to save the ‘European model’ by taking it one step further” (p. 2). This explains why the Euro-dividend approach, as developed by Van Parijs (2006), is based on the UBI. Therefore, as a practical application of the unconditional basic income, this approach is revealed in the second part of the second chapter (section 2.2.) of this Master Thesis. Thus, according to Van Parijs, euro-dividend entails a modest form of an UBI paid to all legal residents of the EU and entirely funded at the level of the European Union.

The third part of the second chapter (section 2.3.) turns to the general critique of the unconditional basic income. In this regard, the claims by Panitch (2011) (in sub-section 2.3.1.) and Heath & Panitch (2010) (in sub-section 2.3.2.) are crucial. Panitch criticizes the UBI because it does not hold up to its promise of decommodifying labor. She argues that even if unconditional basic income would be successful in the decommodification of labor “it would nonetheless have the adverse effect of commodifying the basic needs presently satisfied directly by the conventional liberal welfare state” (p. 936). Therefore, she criticizes that UBI “cannot be expected to provide the kind of radical moral reform of the welfare state that Van Parijs envisions” (ibid.). Particularly problematic for Panitch is “that the basic income itself must be issued in the form of a cash grant with which its recipients would be expected to satisfy their own specific needs and wants” (p. 940). Therefore, the UBI is inappropriate to “liberate the individual from market dependency” given that “the basic need for health should

itself be so commodified” (p. 941). Heath & Panitch (2010) argue that abstract redistribution through cash grants violates the neutrality that the state has to obey toward its citizens when transferring benefits. The reason for this violation is “that a state that attempts to to meet its redistributive obligations in the form of cash transfers thereby fails to exhibit equal concern for all its citizens” (Heath & Panitch, 2010, p. 3). Moreover, “egalitarians who propose such transfers as a way of accommodating the demands of liberty within their more general theories of justice do so at the expense of neutrality” (ibid.). To summarize the critique of UBI, Panitch favors the liberal welfare state for its better performance in decommodifying labor and the basic needs. However, as Heath & Panitch (2010) point out, cash transfers are not undesirable when they support the traditional welfare-state programs, providing citizens with in-kind goods.

Therefore, the fourth part of the second chapter (section 2.4.) thoroughly analyzes the welfare state concerning its compatibility with democratic equality as explained in the first chapter. It is especially analyzed to what extent the welfare state is better equipped to fulfill the basic needs of its people. This part of the chapter is supported by the arguments of Goodin (1988) and Schemmel (forthcoming) in favor of the welfare state. While Schemmel uses relational equality to justify the Swedish-style universal welfare state, it can be seen that his theoretical underpinning is not very different from the concept of democratic equality as Anderson uses it. This is, first of all, due to their shared disregard for luck egalitarianism. Moreover, it is, secondly, because the two concepts usually are coupled when demanding a more equal society. Nevertheless, for Schemmel, a society with full relational equality needs more than a universal welfare state. However, it is much more egalitarian than the currently existing models of welfare or even the idea of an unconditional basic income. However, Schemmel's idea of ultimately favoring liberal socialism to achieve relational equality is *not* a concern of this master thesis. He concludes by suggesting UBI can serve at most as a top up to the universal welfare state to help the worst off (in sub-section 2.4.1.). Even Panitch (2011)

acknowledges the opinion of combining the welfare state and unconditional basic income. However, it is important to notice that the possibility of combining UBI and the welfare state is also *not* the conclusion of this Master Thesis. However, it can merely be regarded as further research.

The third chapter is devoted to briefly examine the political feasibility of the two competing approaches – the Euro-dividend and European Welfare State. Before establish one of these two concepts, a common European identity is needed. For this chapter the concept of de Schutter (2012) is used. It is called national pluralism as already briefly acknowledged above, when explaining the European Union scope of this Thesis. This concept favors a supplementary European identity to the national and regional identities. In fact, the European identity is only the first stepping stone of the political feasibility of the two competing approaches. When discussing the Euro-dividend, Van Parijs (2006) suggests three demands to make it politically feasible. The first is that a thicker EU civil society is needed. The second is that an electoral institution at EU level would be crucial to make it rewarding to construct and defend publicly the general interests of the population of the European Union as a whole. The third demand is that English as lingua franca of the EU is a necessity. Another important stepping stone to achieve either a European Welfare State or a Euro-dividend is the need for real solidarity. It can be achieved, according to Sangiovanni (2013), with the help of reciprocity-based internationalism. Reciprocity-based internationalism entails that “demands for social solidarity at all levels of governance can be understood as demands for a fair return in the mutual production of important collective goods” (p. 217). When establishing social solidarity within the European Union based on his concept, Sangiovanni applies it along the following three dimensions: firstly, the principle of national solidarity, which defines obligations among citizens and residents of EU Member States, secondly, the principle of member state solidarity, which defines obligations among EU Member States, and thirdly, the principle of transnational solidarity, which defines obligations among EU citizens as such.

With this form of real solitariness, Sangiovanni concludes that the European Union can be a way for Member States to enhance problem-solving capacities in the age of globalization, while compensating each other against the risks and the losses of their integration. This analysis is important when justifying a common European welfare state. This approach to distributive justice is the main topic that is discussed in Obinger, Leibfried & Castles (2005), Ferrera (2006), Vollaard (2009).

This Master Thesis concludes that a European Universal Welfare State is better compatible with the democratic relational equality because it remedies the issues raised by luck egalitarians defending the liberal welfare state such as the autonomy over one's own life. Effectively, a European Universal Welfare State would be much more autonomy-enhancing because it provides everyone with public education, public health care and child care. More importantly though, the European Universal Welfare State fully accepts the issues of neutrality of the state which would be violated by the Euro-dividend approach. The implementation of the European Universal Welfare State is especially of very urgent concern given the devastating consequences of the austerity policy measures on the national welfare states in many European Union countries. Many authors (cf. Bieling, 2012; Callinicos, 2012; Hermann, 2012; Pentaraki, 2012; Porter, 2013) point out the social and health risks that were direct results of the dismantling of the social security in European Union member-state as demanded by the Troika – the European Commission, the European Central Bank and the International Monetary Fund. Therefore, there is no time to waste when implementing a European Universal Welfare State. Avanti!

1. Equality of What? Luck Egalitarianism versus Democratic Equality

“Equality of fortune appears to give us some of the worst aspects of capitalism and socialism. Egalitarianism ought to reflect a generous, humane, cosmopolitan vision of a society that recognizes individuals as equals in all their diversity.”

(Elizabeth S. Anderson, 1999, p. 308)

Luck egalitarianism or equality of fortune, as Anderson (1999) refers to it, is “one of the most significant theories of distributive justice to have emerged since the publication of *A Theory of Justice*” (Scheffler, 2003, p. 5). This very influential work was published by John Rawls in 1971. According to Scheffler, luck egalitarianism is often presented as originating from *A Theory of Justice*, but not having been developed consistently and thoroughly enough. However, he argues “that luck egalitarianism can draw little support from Rawls” (ibid., p. 7). According to Scheffler, luck egalitarians such as Ronald Dworkin established the connection with *A Theory of Justice* by building on it to systematically formulate their views. Moreover, Dworkin claims to be more faithful to the original position of Rawls' own concept of justice. Scheffler points out that two main aspects within the work of Rawls are usually used as main evidence of (an imperfect version of) luck egalitarianism: The first is that the informal moral argument that the two principles of justice by Rawls are superior to the laissez-faire “system of natural liberty” (p. 9). This means that it entails a free market that is only constrained by its background of equal liberty and formal equality of opportunity. According to Rawls, such a system permits a form of distribution of resources, which is influenced by the natural attributes of people and the social position into which they are born. However, from a moral point of view these natural attributes should be arbitrary. Therefore, as Rawls explains, the influence of social contingencies and natural fortunes have to be mitigated. This demand is usually employed by those adhering to luck egalitarianism as an initiating formulation of their view. The second aspect within *A Theory of Justice* that is usually used by luck egalitarians, is Rawls' appeal to responsibility, which he makes when defending primary social goods as an appropriate basis for interpersonal comparisons. Scheffler points out that it is criticized that primary goods are not a reasonable basis for

these kind of comparisons. This is due to the theory that relies on them does not take into account the variations in the costs to satisfy the preferences of people. Rawls' response to this criticism is that people have a capacity to assume responsibility for their ends. Moreover, people can revise and regulate their ends and their preferences in the light of their expectations of primary goods. This response is usually used by luck egalitarians as an early expression of their position that people must bear the costs of their own choices. Therefore, they see it as legitimate that differences arise from the choices of peoples.

On the other hand, Will Kymlicka claims that Rawls' own theory is *incompatible* with luck egalitarianism in at least two ways: Firstly, the difference principle of Rawls is not extrapolating any special provisions for those needing special medical attention, even if their condition were unchosen. Secondly, Kymlicka explains that the difference principle is aiming at maximizing the positions of those worst off even if the reason of these members of society to have smaller shares is freely chosen (Scheffler, 2003, p. 10). However, Scheffler is of the opinion that this interpretation is misleading, as it mistakenly construes Rawls as appealing to a general distinction between circumstances and choices supposedly intrinsic in the difference principle. According to Scheffler, Rawls' reason for not regarding a distinction between choice and circumstances is that he does not give it any kind of fundamental importance. In fact, Scheffler points out that it is overall mistaken to present Rawls as a fellow luck egalitarian, who favors equality of resources over equality of welfare. According to Scheffler, Rawls's position is more attractive than luck egalitarianism in a certain fundamental respect.

To summarize, this first section of the first chapter explained the origins of the concept of luck egalitarianism and showed how it (falsely) relates to the position of Rawls' *A Theory of Justice*. This explanation was a necessary pre-condition in order to explain the motivation behind the definition of luck egalitarianism, which is the aim of the following section.

1.1. Defining Luck Egalitarianism

After establishing its origins and motivation this section deals with the definition of luck egalitarianism. Its core idea, as spelled out by Scheffler, claims that inequalities in advantages enjoyed by people are only acceptable if they are derived from the voluntary choices of people. However, inequalities derived from unchosen features due to people's circumstances are unjust. In this regard, unchosen features are social factors such as class and wealth of the family into which a person is born. Moreover, natural factors like a person's native abilities and intelligence are unchosen features as well. In this regard, Scheffler points out that luck egalitarianism agrees with the commonly prevailing political morality when rejecting some forms of inequality stemming from unchosen features. However, luck egalitarianism goes far beyond prevailing morality when rejecting all kinds of inequalities of advantage that are a result of differing circumstances. On the contrary, Scheffler argues, the prevailing morality due to principles of non-discrimination and equal opportunity is prepared to tolerate significant distributive inequalities stemming from differences in talent and ability. However, luck egalitarians deny that the natural talent, creativity, intelligence, innovative skill or entrepreneurial ability of a person can be a basis for legitimate inequality. Another issue that prevailing political morality would never embrace is to accept inequalities that derive from people's choices. Therefore, Scheffler concludes that luck egalitarians are in one way more willing than prevailing political morality to redistribute wealth and in another way they are less willing to do so. This section was necessary because it showed on what luck egalitarianism is based and how it differs from the prevailing political morality of society. It also showed the moral arbitrariness of both luck egalitarian view and societal morals. The following section is contrasting luck egalitarianism with what Anderson calls democratic equality. This concept is the core of this Master Thesis because in the second chapter its compatibility with either the unconditional basic income and the welfare state is discussed.

1.2. Defining Democratic Equality

In this section a definition for democratic equality is presented by pointing out the inconsistencies of luck egalitarianism. It is criticized by Anderson (1999) precisely because it is ultimately concerned with the distribution of luck only. Effectively, for Anderson luck egalitarianism “fails to express concern for those excluded from aid, and fails to express respect for those included among its beneficiaries as well as for those expected to pay for its benefits. It fails the most fundamental tests any egalitarian theory must meet” (ibid., p. 307). Therefore, in order to point out why it fails, Anderson engages with the version of luck egalitarianism as put forward by Eric Rakowski, which she labels the “most close to the hard line” (ibid., p. 295). This is due to his denial of medical treatment for uninsured victims of bad option luck, which supposes that the victim received the injury due to his own fault. Anderson calls this 'the problem of *abandonment of negligent victims*'. Furthermore, Rakowski and Richard Arneson are favoring the above mentioned victims to be discriminated against anyone else with the same injury, which was a result of bad brute luck, which is not due to one's own fault. Anderson refers to this issue as 'the problem of *discrimination among the disabled*'. Moreover, Rakowski is representing a position that can be referred to as 'the problem of *geographical discrimination among citizens*' (ibid., p. 296). According to him, no one that lives in areas specifically prone to natural disaster should be compensated because it is the respective person's own choice to live in such an area and she is not risk-averse enough choosing to live in such a place. Similarly, people employed in hazardous jobs should not be compensated since they were also not risk-averse enough to get employed in these kinds of occupations in the first place. Anderson refers to this issue as 'the problem of *occupational discrimination*' (ibid., p. 297). According to Rakowski, child-rearing mothers are similarly solely responsible for the care-taking of their children once they chose to do so themselves. Therefore, they should not be entitled to any kind of allowance. Anderson calls this 'the problem of *vulnerability of dependent caretaker*' (ibid, p.

298). Furthermore, Rakowski does not grant compensation to someone, who loses her share of natural wealth. If such a victim of bad option luck would even fall into slavery he would not compensate her. These issues can be called 'the problems of *exploitation* and the *lack of a safety net*'. According to Rakowski, when a family is starving due to bad option luck, an insured family member has to give up this insurance in order to pay the food for her family. Anderson refers to this as 'the problem of the *abandonment of the prudent*'. Moreover, she points out that Arneson, John Roemer, G.A Cohen and Rakowski all agree "that the chief difficulty for luck egalitarians is how to insure against the wretchedness of the imprudent" (ibid., p. 300). These luck egalitarians answer this question with the different form of universal social insurance programs: social security, health and disability insurance, disaster relief, etc. However, these features of modern welfare states have to be forced paternalistically on those suffering from bad option luck. Anderson calls this the 'problem of *paternalism*' (p. 301). However, luck egalitarians tend to view victims of bad brute luck very different. Those "with serious genetic or congenital handicaps, or who become significantly disabled due to childhood neglect, illness, or accidents for which they cannot be held responsible" (ibid., p. 302) are entitled to compensation for their defective internal assets and internal states. Therefore, according to Anderson, while luck egalitarians are harsh or even paternalistic on victims of bad option luck, they are very compassionate toward victims on bad brute luck. However, the issue that arises for Anderson is who qualifies as a victim of bad brute luck. Usually, the measurement for these cases are relying on subjective evaluations. Nevertheless, Anderson points out that when people find happiness being oppressed this hardly justifies oppression. Therefore, she refers to this as the 'problem of *using private (dis)satisfaction to justify public oppression*' (ibid., p. 304). It suggests that the form of remedy supplied by an egalitarian theory has to match with the type of injustice egalitarianism aims to single out.

While the above-mentioned problems are all cases of those excluded from aid,

Anderson considers especially those, who luck egalitarians views as exemplary beneficiaries – those with defects in their internal assets. These people would have to display evidence of personal inferiority in order to receive aid. Moreover, the state would label them less worth of the qualities of a citizen. However, Anderson claims that it is none of the state's business to regard people as not worth upholding the qualities of citizens. Therefore, she claims that luck egalitarianism “*disparages the internally disadvantaged and raises private disdain to the status of officially recognized truth*” (ibid, p. 306). The underlying issue here is that luck egalitarianism reasons aid based on distributive principles on *pity* only. This would entail that people base their claims to compensation not in virtue of their equality to others, but in virtue of their inferiority to others. However, pity is not compatible with a respect for the dignity of others. Therefore, basing entitlements on considerations of pity does not follow the principles of distributive justice. In this regard, luck egalitarianism “violates the fundamental expressive requirement of any sound egalitarian theory” (ibid.).

When summarizing the inconsistencies of luck egalitarianism, Anderson establishes that it relies firstly on market decisions: Dworkin, for instance, suggests that market prices that people actually pay for their insurance can be a useful guide for the state when determining the amount of compensation for people. However, Anderson points out that market prices for insurances entail two factor irrelevant for the state when awarding compensation: first, the need to keep compensation extremely low so that people are averse to risks, and second, the fact that people only insure themselves against those injuries the state does not cover. Therefore, Anderson concludes that “*people’s real or hypothetical market choices offer no guidance whatsoever to what citizens are obligated to provide to one another on a collective basis*” (ibid., p. 309). This conclusion points to the principles for collective willing, which means that citizens should be willing together and *not* individually. Moreover, next to market decisions luck egalitarians rely secondly on socialist principles as no one should suffer from undeserved misfortunes. The above mentioned analysis on bad

brute luck shows how luck egalitarianism interferes with citizens' privacy and liberty. This unfavorable combination of capitalism and socialism advocated by luck egalitarians reproduces the stigmatizing regime of the Poor Laws, including its sexism and its conflation of responsible work with market wage-earning. This section aimed to define democratic equality by pointing out what is wrong with luck egalitarianism. However, this is not sufficient for a comprehensive definition. Therefore, the next section of this chapter continues defining democratic equality by trying to grip the issue that is underlying Anderson's concept.

1.3. What's the Point of Equality?

In this section Anderson contrasts luck egalitarianism with what according to her is the actual point of equality. In order to establish this she first of all explains what those fighting for equality are actually opposing. The in-egalitarianism, which is disfavored, produced an inequality not so much “to distributions of goods as to relations between superior and inferior persons.” (p. 312). In fact, those in superior position were generally thought to be entitled to “inflict violence on inferiors, to exclude or segregate them from social life, to treat them with contempt, to force them to obey [and] work without reciprocation [...]” (ibid.) In fact, egalitarians base their claims regarding social and political equality on universal moral equality. The only exception from the above-mentioned treatment is the punishment for crimes. However, the penalty has to be executed in a fair and just way. Anderson's concept democracy is understood as “collective self-determination by means of open discussion among equals, in accordance with rules acceptable to all.” (p. 313). In a direct contrast between luck egalitarianism and democratic equality, it has to be accounted for the fact that the latter wants to abolish socially created oppression, whereas the former wants redistribution merely to serve as an corrective of injustices and pertain to the existing order. A major difference is that the concept advocated by Anderson calls for equality of social relations. Luck egalitarians merely favor an equal pattern of distribution.

This means two people are equal to each other when they have equal amount of distributable goods such as income, resources, or opportunities for welfare. Democratic equality, however, views two people as equal if they accept “the obligation to justify their actions by principles acceptable to the other, and in which they take mutual consultation, reciprocation, and recognition for granted.” (ibid.) This means that there must be a need to integrate the demands of equal recognition with those of equal distribution. To specify, it can be claimed that when goods are distributed it should be done according to the principles and processes that create respect for all. In other words, people should not feel inferior when claiming their share of goods.

True egalitarian principles must adhere to the following five conditions, according to Anderson: First, they must be accessible over the course of one’s entire life. Second, this lifetime accessibility should be regarded without resorting to paternalism. Third, when correcting inequalities, the remedies should match the type of injustice that is corrected. This relates to the above mentioned example of private satisfaction for public oppression. Fourth, demeaning and intrusive judgments in order to categorize people for how capable they are to exercise their responsibility and how well they used their freedom should not be used in order to determine the people’s responsibility for their own life. Fifth, all these four conditions have to be possible objects of collective willing. This last desideratum entails, as democratic equality claims, “that the social condition of living a free life is that one stand in relations of equality with others” (p. 315). At first sight this might seem paradoxical since the common approach to egalitarianism distinguishes between freedom and equality as two conflicting ideas. However, Anderson explains why this is true nonetheless. Therefore, she considers the oppressive relationship that is negated by social equality. This is due to the fact that equals are not subjected to arbitrary violence or even physical coercion by others. The choice of not being affected by these forms of coercion entails the most fundamental principle of freedom. When equal, others cannot marginalize people. Moreover, they can

freely participate in civil society and politics. Others do not dominate these equals nor do they live at the mercy of the others' will. This means that it is their freedom when people are able to govern their own lives by their own wills. Equals are not subjected to exploitation by others. In fact, they are free to secure the fair value of their own labor. To summarize her point, Anderson claims "to live in an egalitarian community, then, is to be free from oppression to participate in and enjoy the goods of society, and to participate in democratic self-government" (ibid.) In that regard, Anderson points out that egalitarians are fundamentally different from libertarians since the former are calling for a much more comprehensive understanding of what the social conditions of freedom entail. For egalitarians even private relations of coercion, also when the inferior consented to them, are regarded as staunch violation of freedom. Libertarians, on the other hand, tend to equate freedom more with what is referred to as negative or formal freedom. This means that someone is enjoying a right without having to ask for the permission and without being interfered by others. However, for Anderson this form of freedom "neglects the importance of having the means to do what one wants" (p. 315). This section was the most crucial of the first chapter because it thoroughly explained the notion of egalitarianism on which in the concept of democratic equality is based. The next section of this chapter is concerned with a better understanding of the concept of freedom important for a democratically equal society.

1.4. The Capabilities Approach to Freedom

This section serves to better understand what freedom effectively means. Therefore, Anderson uses the capabilities approach by Amartya Sen. He considered the states of being and doing, which compose the well-being of any person. These states are called *functionings*. Moreover, Anderson (1999) explains that Sen claims that:

"[a] person's *capabilities* consist of the sets of functionings she can achieve, given the personal, material and social resources available to her. Capabilities measure not actually achieved functionings, but a person's freedom to achieve valued functionings. A person enjoys more freedom the greater the range of effectively accessible, significantly different opportunities she has for functioning or leading her life in ways she values most." (p. 316).

Given this, Anderson calls for all egalitarians to seek equality for all in the space of capabilities. However, this brings up the question of which capabilities have to be equalized in society. While there are limits to the capabilities that citizens are obliged to provide to one another, certain goods should be identified within the space of equality that have special egalitarian concerns. To figure out which do and which do not Anderson reflects on the negative and positive aims of egalitarianism. Negative aims entails that people are entitled to whatever capabilities necessary that enable them to avoid or even escape entanglement in any oppressive relationship. Positive aims of egalitarianism entitle people to the capabilities that are necessary for them to function as equal citizens in a democratic state. In this regard, Anderson explains that democratic equality aims for equalities across a wide range of capabilities. However, comprehensive equality within the range of capabilities is not favored by democratic equality. Given that specific hobbies or tastes are not determining one's status in society, there is no obligation by society to educate people wanting to exercise them. Therefore, democratic equality satisfies the principle that certain goods have to be identified within the space of equality that have an egalitarian concern. Democratic equality guarantees a range of capabilities to citizens: Functioning as equal citizen does not only involve the ability to effectively exercise specific political rights, but also to participate in various activities of society such as its economy. Moreover, the private spaces are concerned in democratic equality as people have the freedom to form relationships in civil society, which can sometimes only function once they are protected from the scrutiny and intrusion of others. In this regard, homelessness is a condition of unfreedom. Therefore, Anderson makes three points on the structure of egalitarian guarantees within the spaces of freedom and capabilities: Firstly, democratic equality does not guarantee the actual levels of functioning. However, the effective access to those levels should be guaranteed by democratic equality. Naturally speaking, people can choose lower levels than guaranteed. Therefore, "democratic equality is consistent with constructing the incentive systems needed for a modern economy

to support the production needed to support egalitarian guarantees in the first place” (p. 318). Secondly, democratic equality does not guarantee access to the effective equal levels of functioning. However, what *is* guaranteed by democratic equality is the access to functionings sufficient to stand as equal in a society. This means, for instance, that, according to democratic equality, not everyone needs to learn foreign languages. However, the fact that only a few people in society have a Ph.D.- level training in literature does not contradict the concept of democratic equality. Thirdly, it is guaranteed by democratic equality that effective access to a package of capabilities is given which are sufficient to stand as equals throughout one's entire life. This means people should not lose their access to equal standing by bad option luck as suggested by luck egalitarianism. In the words of Immanuel Kant: “every individual has a worth or dignity that is not conditional upon anyone’s desires or preferences, not even the individual’s own desires” (in Anderson, 1999, p. 319). Justifying lifetime guarantees while not resorting to paternalism is satisfied in democratic equality by basing inalienable rights not on the subjective interests of the bearer of those rights but on what others are obligated to do. Egalitarian political movements never lost sight of the whole range of targets of egalitarian assessments. Naturally speaking, one of them is redistribution of resources. Therefore, everyone has to have effective access to enough resources in order to avoid oppression of others and to function as equals within society. Ultimately, the social condition of freedom that people need to function as equals is what citizens owe each other. Due to the differences of internal capacities and their social situations, people are not equally able to convert resources into capabilities to function. That is why they are entitled to different amounts of resources in order to enjoy freedom as equals. Democratic equality does not demand a division of eternal resources from the start. This is due to the capabilities that are relevant to function as human beings, as a participant within the system of social cooperation. Moreover, being equal citizens does not include all functionings nor all levels to function. Democratic equality requires effective access to

adequate nutrition for everybody. However, it does not require that everyone in society should have equal opportunities to become a gourmet. Therefore, democratic equality does not require a criterion for equality of resources depending on the morally dubious idea of distributive justice sensitive to envy as luck egalitarianism suggests.

This section explained to what extent the spaces of freedom and capabilities are guaranteed in democratic equality. These conditions as pointed out here are of vital importance because they differentiate the concept debated in this chapter and make it possible to assess whether it fully encompasses the applications discussed later. The next section briefly considers the attack on democratic equality by those authors redefining luck egalitarianism and concludes by refuting this new approach as well.

1.5. Luck Egalitarianism vs. Democratic Equality – Round 2: Tan vs. Schemmel

While democratic equality stands out as a more encompassing concept to explain comprehensive egalitarian distributive justice, Kok-Chor Tan has tried to redefine luck egalitarianism in order to avoid the inconsistencies of which it is accused. According to Tan, the key distinction that luck egalitarianism makes between luck and choice should be seen first and foremost as a grounding principle for distributive justice which is distinct from the duty to assist and from achieving political justice. Moreover, Tan claims that the unchosen inequalities to which luck egalitarians have objected are only those that are due to social and political institutions. In that regard, luck egalitarianism can be a strong rival to democratic reciprocity, as Tan refers to the concept by Anderson (1999). On the contrary, Schemmel (2012) argues that as plausible the redefinition and restriction of luck egalitarianism by Tan might be, it does not establish itself as a rival to democratic equality. However, he claims that luck egalitarianism can be best conceived as a possible expression of democratic reciprocity. In fact, the principle of democratic reciprocity can give a principled explanation for the institutional restriction that is proposed by Tan. This is especially important for Schemmel as he claims that Tan fails to give such an explanation. According to Schemmel,

the conceptual unsoundness of the proposal by Tan is solved by democratic reciprocity, which is capable of accounting for a relationship between distributive justice and other forms of justice. Schemmel summarizes his claim by pointing out that Tan's corrected, institutional version of luck egalitarianism may be more plausible than its original version. However, his proposal is better accounted for by an ideal of democratic reciprocity than by an ideal of proper luck egalitarianism. The overlap of the concepts of democratic reciprocity with Tan's institutional luck egalitarianism is best expressed by their common approach to cooperation: be it of a social or distributive nature. In that regard, Schemmel points out that Andrea Sangiovanni interprets Dworkin's version of luck egalitarianism as being bound to a cooperative scheme which produces basic goods and entails an egalitarian commitment shielding each other from differential luck.

Schemmel summarizes that his argument has a wide importance for political philosophy as a whole. It is to show that the monolithic luck egalitarian intuition about the unfairness of unchosen circumstances is not able to serve by itself as the ultimate founding intuition for theoretically developing conceptions of justice as opposed to merely serving as a constitution of one consideration relevant to justice among others. While, according to Schemmel, such enterprises have been done by political philosophers it is important to point out the limitations in their theory-building. This section explained why even re-defined versions of luck egalitarianism do not hold against the claim of democratic equality. Before establishing whether the Euro-dividend or the European Welfare State are more compatible with democratic equality the next chapter analyzes both concepts thoroughly.

2. Democratic Equality for the Euro-dividend or the European Welfare State

“A key issue is how to reconcile the existence of an EU without borders, with the principle of territoriality that continues to exist in the field of social security.” (Paul Belcher, 2003, in Vollaard, 2009, p. 307)

A major issue of social security within the European Union is, as Vollaard (2009) explains, that, according to former European Internal Market Commissioner Frits Bolkestein, the EU citizens do not understand that they have the possibility of enjoying free access to health services across the Union's internal market. For Vollaard this ignorance is rather unfortunate given the long waiting lists in some EU members and the overcapacity in others. While health security is not the main focus here, it is certainly a part of the social justice issues debated in this Thesis. However, before turning to the European dimension of distributive justice, it should be established how redistribution can be generally achieved. Therefore, two approaches are presented: unconditional basic income and the welfare state. The first section of the second chapter, thus, explains the theoretical foundations of unconditional basic income. Then the European application of the unconditional basic income by Van Parijs entitled Euro-dividend is presented. The third section of this paper then attempts to criticize the unconditional basic income by questioning its ability to decommodify the basic needs and for violating the neutrality of the state when it distributes cash grants to all its citizens. The fourth section of this chapter is then concerned with the welfare state. Schemmel (forthcoming) bases the Swedish-style universal welfare state, which he prefers over the liberal welfare state and the UBI, on the concept of relational equality. This approach has a lot in common with the democratic equality as defended in the preceding chapter. Ultimately, it is concerned how democratic/relational equality is more comparable with the welfare state than with an unconditional basic income. While, Schemmel suggests a combination of both concepts to help the worst off in the universal welfare state, this idea is *not* a concern of this Master Thesis and left to further research.

2.1. From Real-Freedom-For-All to the Unconditional Basic Income

This section is, as explained above, analyzing the approach by Van Parijs (1995) to the concept of an unconditional basic income. He bases UBI on the theoretical framework of real-

freedom-for-all. This is distinguished by him from the importance of formal freedom rightly stressed by libertarians. However, he claims that this libertarian form of freedom does not exhaust the real freedom, which necessarily has to be included in any defense of a free society. While Van Parijs admits that his theoretical foundation might be commonly referred to as negative freedom – an ambiguous expression he does not like to use – he contrasts it with political participation to which he refers as the 'liberty of the ancients'. Moreover, his concept is also a freedom to do “‘whatever one might want to do’, rather than a freedom to do what is dictated by moral duties or autonomously chosen preferences“ (Van Parijs, 1995, p. 4). According to Van Parijs, differing from the formal freedom, as expressed by libertarians, real freedom is not only concerned with the matter of having the right to do whatever one might want to do. However, real freedom is also about having the means for doing whatever one might want. Therefore, first of all, Van Parijs envisions a society in which its members are formally free. This entails a well-enforced structure of property rights in which everyone owns herself. Secondly, such a society can only function when opportunities are distributed in the following way: those with more opportunities can only be entitled to them if this does not reduce the opportunities of those with less of them. This also means that any institution has to be designed in such a way that it can offer the greatest possible real opportunities to those, who have the least opportunities given the formal freedom of everyone is respected. In this regard, opportunity is understood by Van Parijs as access of every person to the means for doing what she wants to do. This points to the above-mentioned distinction of formal and real freedom. Van Parijs envisions what he refers to as a real libertarianism that is neither possible with pure socialism nor with pure capitalism as the main socio-economic regime of a society. In that regard, pure socialist economy is defined as full public ownership of all means of production and pure capitalist economy refers to the full private ownership of all means of production.

For Van Parijs, the most striking institutional implication that real-freedom-for-all has is an unconditional basis income. The reason for this is that due to his account of real freedom as

a matter of means not only of rights, the income of the people is obviously greatly important. Therefore, with real freedom people are not only able to purchase or consume. However, they have the freedom to live as they want to do. Therefore, people have to be granted the purchasing power they aspire regardless of their interest in exercising actual work. What distinguishes Van Parijs' concept of an UBI from existing approaches to basic minimum within welfare states is not only its unconditionality relative to the willingness of people to work. A second criterion for Van Parijs is that UBI is also unconditional to the income people receive from other sources. For him this makes unconditional basic income different from a negative income tax – a form of supplementary payments for people earning below a certain minimum. A third attribute of an UBI is the unconditionality relative to the place of residence of the people. Finally, the fourth feature of UBI is that it is unconditional to the people's household situation. Existing forms of basic minimum income usually take the form of an equal payment to a full member of society, whether or not the above-mentioned four criteria are met. This means that the existing forms of basic income are restricted to adult citizens. Moreover, Van Parijs claims that real-freedom-for-all is able to generate a presumption of favoring unconditionality along the dimensions spelled out above. Therefore, there is a close connection between how Van Parijs is conceptualizing justice and demanding the introduction of an unconditional basic income. Considering, furthermore, the amount everyone would be receiving as an UBI, he explains that it does not need to be pitched to some sort of notion of basic needs. However, given that all people do not differ significantly in their abilities, and the real freedom of those with the least of it has to be maximized, then the basic income should be tied to the highest sustainable level of a person provided her formal freedom is respected. Sustainability in this case entails, according to Van Parijs, the incorporation of both incentives and ecological effects. Moreover, the sustainable basic income maximization provides a simple criterion when assessing alternative socio-economic regimes. The alternatives Van Parijs is referring to are either capitalism or socialism as he defines them above. Considering the actual

application of an UBI, the current market economy allows for a presumption in favor of cash. However, according to Van Parijs, this presumption can be overturned when it comes to particular kinds of goods such as breathable air, access to public streets or parks, or even certain tools, which are unanimously wanted and cheaper to deliver free of charge. Therefore, in order to achieve the greatest possible real-freedom-for-all some parts of the UBI have to be given not in cash but as in-kind provisions. In order to prevent paternalistic distribution – as defined in the preceding chapter – at the beginning of one's life, which would include those who happen to die young, Van Parijs suggests monthly installments as a suitable compromise. This arrangement has to be made because of the following two extremes: on the one hand, a society of really free people could not want that the elderly people pay a heavy price for wasting their one-time basic income decades ago. On the other hand, it would be absurd if people would have to receive the unconditional basic income every second. Nevertheless, Van Parijs acknowledges the arbitrariness of monthly installments. While these last issues are nonetheless important, they belong to the nuanced application of an UBI. More generally though, Van Parijs explains that real-freedom-for-all requires just institutions to maximize those worst off because of the size or the extent of real freedom that people can enjoy. However, the basis of this real freedom is the endowment of means and resources. After all, in order to measure whether the endowment of one person is larger than the other or equal to one another, competitive market prices emerging from free choices based on equal entitlements are the most appropriate way to do so. This is, according to Van Parijs, due to their plausible representation as opportunity costs of the components of each bundle of goods. That means it shows how precious they are to society or how costly it would be to people who would not be able to appropriate them. Consequently, Van Parijs does not deny that the bundles, which give access to an equal basis, and the extent of the real freedom that is associated with the basic income vary with the price structure. However, the choice of the price structure is not arbitrary. Due to this, in turn, the real freedom of the worst off is maximized. This is understood as the

value, using the criterion of the competitive prices, of the resource basis that should be available to those with the least resources. To summarize, Van Parijs explains that the main issue of real-freedom-for-all is not to compare which society is doing better. However, the question for his concept is which socio-economic regimes are better suitable for real-freedom-for-all: capitalism or socialism. While this section has analyzed the UBI and its theoretical foundations, the following section is a direct application of the universal basic income on the European Union level.

2.2. Euro-Dividend - A Practical Application of the Universal Basic Income

While real-freedom-for-all and the UBI obviously point to a global approach, Van Parijs (2006) applies it to the European Union with its unique integration process. Van Parijs appreciates “the fantastic, unprecedented achievement constituted by this weird political entity now called the European Union” (p. 2). Moreover, against all the whining, bickering and bashing, Van Parijs claims that what the European Union has achieved so far is just amazing, mind-boggling and beyond all reasonable hope. To keep the philosophical perspective, Van Parijs refers to John Stuart Mill, who claimed that a multinational and multilingual political entity can only be fully united under a despotic regime. Once this entity is trying to become democratic it will fall apart along linguistic borders. According to van Parijs, Mill has been proven right by the collapse of Austria-Hungary, the Soviet Union and Yugoslavia. However, the EU continues to exist and grow even faster than some would like it. This enlargement process, moreover, happens “through voluntarily *Anschluss*” (p. 3). While the European Union is certainly not perfect, it is still the closest to an institutional framework increasingly needed at global level to tackle social injustice.

According to Van Parijs, when discussing the social policy of the EU, the subsidiarity principle seems to be helpful. This principle favors the lower more decentralized level of democratic government. At such a level, the population is more homogenous and, therefore, the political viability of generous redistribution is much higher. Therefore, the level on which

redistribution within the EU would be politically feasible in the member state. However, the economic feasibility of redistribution on member-state level is questionable due to the internalized EU four freedoms, which manifest themselves in the free movement of labor, capital, goods and persons. In this regard, Van Parijs recalls that within the United States the majority of redistribution does not happen at state level. However, it is executed at federal level precisely due to the four freedoms. Therefore, in order to have a similar system of redistribution as in the U.S. implemented within the European Union, there is not enough solidarity between its member-states. Given this lack of solidarity, Van Parijs claims that the EU is on its way to do even worse than the U.S.. Therefore, he argues against subsidiarity precisely because, firstly, the above-mentioned four freedoms erode the member states' sovereignty on social policy. Secondly, a trans-national transfer is increasingly needed for the three following reasons: First, as an insurance device against the asymmetric shocks and diverging trends EU member states are subjected to in the globalized economy. Secondly, such a trans-national transfer system would operate as a population stabilizer. Thirdly, this kind of transfer is required directly by social justice. Given that global social justice is not attainable right now, in fact, its realization is around the corner in the EU. The above-mentioned two arguments against subsidiarity account for further imposition of common minimum standards in social policy for all EU member states. This means that the EU has to implement a minimum standard strategy. This is difficult to achieve, firstly, because of the unfunded mandate. This entails that, as in the U.S., a higher unit of government cannot impose a costly duty on a lower. The second difficulty is a dilemma: either the standards are too detailed, which is against member states' autonomy or the standards remain too vague e.g. in form of a minimal share of social expenditure. When the second scenario is realized, it raises the problems of capturing implicit transfers in the tax system (also known as the hidden welfare state), disentangling sheer insurance from proper solidarity and addressing the impact of social policy on the pre-tax-transfer of income. Therefore, it is necessary, according to Van Parijs, to tackle the issue of

distributive justice with direct EU involvement. Three models are trying to solve the necessary redistribution within the EU exactly on this level. The first is put forward by Phillippe Schmitter and Michael Bauer and is entitled Euro-stipendium. It proposes “the payment each month of a stipulated amount of Euros to all citizens or legal residents living within the EU whose total earnings amount to less than a third of the average income of everyone living within its borders” (Van Parijs, 2006, p. 5). According to Van Parijs (2006), this proposal suffers from two major flaws: Firstly, in order to achieve the Euro-stipendium a standardized uniformly implemented notion of income is required. Secondly, such a means-tested transnational scheme is perverse. Van Parijs explains this perversion by illustrating it with an example of two countries with equal gross domestic product per capita and one of the two with more unequal distribution of disposable income than the other. Furthermore, Van Parijs assumes that the unequal country has a greater number of poor people due to bad educational and social policy. Therefore, the Euro-stipendium would punish the more equal country by giving it the same amount although it has successfully alleviated poverty and favor the poorer country, which has badly implemented anti-poverty programs. The second model to establish redistribution on EU level would be co-payment. This form of redistribution is commonly used when social assistance is a decentralized (municipal) competence with additional centralized funding to avoid the above-mentioned issue of the unfunded mandate. It works best when the central level is still in charge of most other instruments of social policy. Due to its decentralized regime, a system of co-payment between the EU and its member-states would conflict with the autonomy of the latter over their national social policies. Therefore, Van Parijs suggests a third model as a suitable alternative: the Euro-dividend – an unconditional basic income paid to all legal residents of the European Union funded entirely on EU-level. Though he leaves it open to national or subnational authorities to top up the Euro-dividend e.g. by means-tested and conditional social assistance schemes or even social insurance systems. While the level must not be uniform across the EU, the funding must be centralized and should not be

a personal income tax. However, a value-added tax and even a super-Tobin tax on all electronic transactions could be a possible solution. While funding for the Euro-dividend could be established by phasing out the agricultural funds and even the social and structural funds, which would not be needed anymore, a gradual introduction along age groups is conceivable. Moreover, the issues discussed as flaws of the other two model would be avoided including rewards for badly implemented anti-poverty programs, or a uniform disposable income. This very straightforward section explained how to apply the idea of an unconditional basic income on the European Union without reversing the process of the European integration. However, the next section returns to the general assessment of the UBI.

2.3. Criticizing Unconditional Basic Income

Before the political feasibility of the Euro-dividend and the European Welfare State is analyzed a more fundamental criticism of the unconditional basic income is necessary. First of all the idea of Van Parijs of the transfer of a minimum income to all members in society regardless of their willingness to work, is criticized by Anderson (2000, in Panitch, 2011). According to her, a defender of the democratic equality, the unconditional basic income is promoting “freedom without responsibility, and thereby both offends and undermines the ideal of social obligation that undergirds the welfare state” (p. 936). Moreover, Anderson criticizes UBI as an inspiration for largely young, healthy, and unattached adults of the able population to renounce work in favor of an idle life of fun. Moreover, an unconditional basic income could create a mentality leading to production being depressed and people being unwilling to pay taxes. Anderson reasons this drastic scenario by contrasting the foundations of UBI with those of the welfare state. According to her, only the latter one functions as a social contract. This means that the right to provision is financed by the conditional willingness of those able to give to society. The social contract is, therefore, only legitimated and sustained when the able-bodied are working and providing for the depended and those who care for them. According to Anderson, such a contract is not sustained by the foundations of an unconditional basic income,

given that it creates virtues that advocate idleness. For Panitch (2011), the origin of Anderson's criticism can be found in liberalism. This is because liberals view society as a cooperative venture for mutual advantage. Therefore, societal benefits should only be reserved for those participating in this venture or should at least be willing to do so. However, according to Panitch, Van Parijs, although attempting to appeal to liberal theorists, never intends to justify the liberal welfare state. In fact, as Panitch points out, Van Parijs views the liberal schemes as eminently unfair because they are limited and conditional by nature. Moreover, for him the liberal point of view is making social entitlements dependent on whether people are generally willing to participate in the economy. More fundamentally, as Panitch points out, Van Parijs unlike Dworkin or Rawls is clearly not justifying the welfare programs for those unable or unwilling to work. However, Van Parijs suggests that everyone who chooses not to work or is constrained by her lifestyle to do so, is given a genuine alternative otherwise not available in a capitalist economy. Therefore, Panitch explains that Van Parijs is actually not encouraging idleness or free-riding. However, he wants a separation of social entitlements and the participation in the labor market. In this regard, social freedom is not conditional on the willingness of individuals to sell their labor power as a marketable commodity. For Panitch, this implies that *prima-facie* Van Parijs seemed to have solved the problem of the commodification of labor. Panitch (2011) uses Gosta Esping-Andersen to explain that decommodification of labor occurs “when a service is rendered as a matter of right, and when a person can maintain a livelihood without reliance on the market“ (p. 937). This is contrasted by the liberal view that, as explained by Esping-Andersen, claims that poverty and helplessness are not the fault of the system, but of an individual's own lack of foresight or thrift. The problem that Esping-Andersen has with his view is the mistaken assumption that everyone is capable of market participation. Therefore, as he explains, the liberal welfare state instituted a framework of the most modest means-tested social assistance which is reserved only for those unable to participate in the market in any possible way. Moreover, he claims that the reason for

the liberal welfare policy was to avoid the extension of unconditional social rights and to limit the government to the certifiable needy. This was done to prevent workers from opting for welfare instead of work. However, Panitch criticizes Esping-Andersen's explanation of the liberal welfare. For her, liberal welfare states do not *only* extend their program to the truly needy as can be seen by their provision for public education or national health care. Similarly to the liberal welfare state, the social democratic model is able to decommodify labor more or less. Esping-Andersen acknowledges that whether a welfare state is successful at decommodification depends on what specific dimensions are measured. In fact, even:

advanced capitalist societies recognize some form of social right to protection against the basic social risks: unemployment, disability, sickness and old age. A highly advanced case would be where a social wage is paid to citizens regardless of cause. (Panitch, 2011, p. 939).

The general assumption of the unconditional basic income, as spelled out in an earlier section by Van Parijs, coincides more with the social democratic welfare state also known as the universal welfare state. This is due to its level of income coinciding with the lowest livable wage for a given society and the extent of entitlements meant to protect against all social risks. In this regard, Panitch claims that the ambitions of the universal welfare state firstly promise to be realized by a basic income. Secondly, these aspirations of the social democratic welfare state mark a profound moral reform of the liberal welfare state. This section engages in the criticism of the unconditional basic income. While, the UBI is defended against liberal critics by claiming its decommodification potential, the succeeding sub-section is challenging this claim.

2.3.1. Unconditional Basic Income and the Decommodification of the Basic Need

This sub-section argues that, according to Panitch, it is not entirely clear whether the UBI is really able to decommodify the individuals labor power. She points out that this is due to the level at which unconditional basic income is set. In fact, she explains that any minimum income could end up not being very decommodifying because of the need to maintain incentives. Panitch refers to Van Parijs (1995), who himself explains that his idea for an unconditional basic income would have to be set at a level which would nonetheless motivate

people to work, because otherwise production would be decreasing. This could justify driving the UBI down, possibly to zero. The reason for this is that the basic income is unconditional and not linked with the so-called basic needs. However, Panitch claims that if the basic income would not cover the costs of people's most fundamental necessities, then people could never be really free in a material sense, which would allow them to pursue any plans in life they might have. However, in Van Parijs' defense it could be stated that he actually does not claim that the UBI *must* be inadequate in order to cover the basic needs. Instead he just insists on the sustainability of the unconditional basic income. Nevertheless, even when assuming that the UBI would be successful to free the people from the dependency of wage-labor, according to Panitch, it would still not have decommodifying effects. This is due to the form in which the income would be issued: a flat cash transfer, which would reinforce the market dependency of people trying to satisfy their basic needs. According to Van Parijs, cash does not entail a homogenous desire, however, it can be exchanged for any number of very diverse goods. Therefore, he claims, given the market economy a concern with maximum individual freedom favors cash. This means that Van Parijs assumes that individuals must be sufficiently rational and risk-averse to spend a portion of their income on their own health in form of an insurance. For Panitch, this is a dangerous assumption to make. This is due to many people not having enough financial resources to pay for an insurance. Even those who have the means to get insured and are completely rational and risk-averse persons would still not take this important investment into their future and disregard it for investing in immediate pleasures. Therefore, they would fail to put aside money for bad times. Consequently uninsured, they would destroy their opportunities to do whatever they want due to unforeseen illnesses or accidents. This constitutes, according to Panitch, a flagrant violation of the real-freedom-for-all by Van Parijs. More worrying for her is that unconditional basic income, as Van Parijs envisions it, aims to liberate people from the market. However, UBI commodifies the basic need for health. This means that basic income takes the form of a welfare state, which meets all of its redistributive

obligations by providing regular cash transfers. The result is an effective reinforcement of market dependency by commodifying the goods and services that people need to have for their survival. Panitch explains that decommodification as a moral good was employed by Karl Marx. He states that contrary to animals, which are controlled by mere instincts, people are consciously governing their own activities. For Marx, with the help of labor power, people are able to create themselves and their society through a process of intentional transformation and manipulation of the nature. This is what distinguishes them from animals. Furthermore, he explains that the people, who have no control over their labor or work by force and without intention would become alienated from what makes them humans and, thus, end up as something less than humans. This means when laboring, people do precisely so in order to meet their basic needs. Moreover, people cannot labor, which means they cannot intentionally design or physically produce, if their basic needs are not met. Therefore, it is unreasonable to defend decommodification of labor based on its realization of humanity, while at the same time allowing that the very purpose and precondition of labor is to be commodified. According to Panitch, instead of providing cash transfers directly as a matter of social entitlement, the UBI would make important human needs into market commodities, which would lead to people satisfying these basic human needs through market exchanges. Therefore, Panitch points to the in-kind provisions of specific goods or social services as a response to the basic needs in a welfare state. This is because, in contrast to cash benefits, welfare liberates people receiving these benefits at least partially and arguably furthers the realization of humanity better. According to Panitch, this presents the liberal welfare state as a better alternative to the UBI since it offers in-kind provisions such as public housing, temporary shelter, food stamps, school meals, education and health care. It goes without question that the liberal welfare state also provides certain cash subsidies such as pensions, disability insurance and unemployment insurance. However, as Goodin (1988) points out, the intention of these entitlements is to respond to the particular need for an income stream when it is arising instead of social needs in

general. Therefore, Panitch (2011) describes the subsidies by liberal welfare states as targeted cash grants and an UBI as a generalized cash grant. Moreover, she explains that market participation is encouraged in the liberal welfare state. However, its targeted nature and the provision of entitlements *together* with rather than instead of a number of in-kind goods and social services decreases the commodification of basic needs and, therefore, also limits market participation. However, Panitch warns that liberal welfare states do not in fact cover *all* basic needs. Nevertheless, in order to achieve a state of more direct provisions an unconditional basic income is naturally speaking perfectly workable. Panitch points out that a number of supporter of the UBI have attempted to show that it could be justified only if it would adequately cover the basic needs of the people and would provide for at least a portion of the needed goods in-kind. However, these suggestions are usually demanding “a UBI in addition to, rather than as a replacement for, the conventional liberal welfare state” (ibid., p. 943). “To truly achieve the moral reform that [...] Van Parijs aim[s] for, not only must labor power be decommodified, but so too the basic needs that constitute the very purpose and precondition of that labor” (ibid, p. 944). While this sub-section is crucial because it explains how the unconditional basic income does not sufficiently decommodify the basic needs of the people, the following sub-section presents the main issue that is at stake with distributing capital grants unconditionally.

2.3.2. How Cash Violates State Neutrality

This last sub-section deals with a more important and fundamental criticism of universal basic income: The claim that cash transfer violates the neutrality of the state when distributing unconditional basic income to its citizens. Heath & Panitch (2010) argue that people can display signs of improvidence when spending cash grants they received from the state. For Heath & Panitch a more precise account of improvident behavior would be to analyze it in terms of the time preference that individuals make to satisfy their own first- order preferences. Economists usually refer to this as *discounting* future satisfaction. When discounting is presented in a graph it can be hyperbolic when preferences are temporarily reversed and when

they are subject to pre-commitments. Therefore, hyperbolic discounting rejects the assumption that cash transfers are neutral. The reason for this rejection is that pre-commitments can be done with the help of other people. “This violates neutrality insofar as it results in arrangements that are more detrimental to the interests of those who happen to have discount rates that are more exaggerated in the short run.” (Heath & Panitch, 2010, p. 12) On the contrast exponential discount graphs are treated as more rational. Nevertheless, discounting as such is not necessarily irrational. Therefore, hyperbolic discounting is not more rational than exponential given the subjective preference of both. However, hyperbolic discounting is something that individuals have to avoid since it generates a wide range of behavior from addiction to compulsive and even simply bad habits. The reason for this analysis of preferences is necessary because, according to Heath & Panitch, it allows for a more precise explanation of the central problem with achieving distributive justice through cash grants. In fact, Heath & Panitch claim that when choosing for themselves privately people often prefer in-kind over cash benefits. Moreover, when presented with the freedom to opt out of public health insurance or the pension system by given the respective compensation, many people would find this option quite unwelcoming. This means, according to Heath & Panitch, that having the ability to get money and spend it on something else is not a gain in freedom but a removal of the institutions that exercise control. What Anderson regarded as paternalism can for Heath & Panitch be a rational self-binding strategy with the help of the state given that the people hyperbolically discount their future. In fact, Heath & Panitch claim that the constantly increasing availability of cash through credit cards has effectively not been neutral because it changed consumer behavior dramatically against the interests of some. Ultimately, Heath & Panitch point out that excess cash liquidity led to the so-called 2008 subprime mortgage crisis. Therefore, they claim that instead of handing out cash it would be much better to use the money transfers to finance traditional welfare-state programs. In that regard, individuals, who discount their future hyperbolically have a more rational preference for receiving in-kind benefits than cash grants.

The first sub-section criticized unconditional basic income, as proposed by Van Parijs and explained the sections prior to this one, as not being able to decommodify the basic needs of the people. However, it is concluded that the welfare state is able to achieve decommodification much better than UBI. Therefore the welfare state would be much more able to further humanity. The second sub-section presented a much more fundamental critique of the UBI which is that cash violates neutrality. Heath & Panitch argue that the state is not neutral when distributing capital grants. With a welfare state distributive justice would be much more egalitarian because it would avoid the flaws of direct cash grants. According to Anderson, criticizing UBI as creating a society of idleness, democratic equality is much more suitable to the welfare state. It seems, however, that such a welfare state would be a liberal one. The next section, therefore, defends the Swedish-style universal welfare state as better compatible with relational equality, which is a more general approach to democratic equality.

2.4. From Relational Equality to the Universal Welfare State

In this section, Schemmel (forthcoming) defends the Swedish style universal welfare state. He bases this concept on the theory of relational equality. Relational equality is usually coupled with the ideal of a democratic citizenship. In this regard, an egalitarian society consists of equal adult citizens as its members, who enjoy equal political rights and duties, including the right to an equal vote in democratic elections, which determine who shall be top public official and lawmaker that is responsible for enacting laws and public policies enforced on all. Such an egalitarian society contrasts sharply with a hierarchical society in which some are superior to others. Such a society is, according to relational equality, suggested by luck egalitarians (Arneson, 2013). Therefore, Schemmel's theoretical foundation is not very different from the democratic equality, which is employed by this Master Thesis to analyze the Euro-dividend and the European welfare state. While this Thesis is not employing relational equality, but its more detailed account democratic equality, as described in the preceding chapter, the insights that Schemmel gives when justifying the universal welfare state are an integral part of the analysis.

Firstly, Schemmel argues that there is nothing wrong in particular with the welfare state. Especially not when it serves as the most basic policy instrument for implementing the liberal principles of relational equality as long as the type of welfare state has an universal approach and offers unconditional benefits in order to not exclude the worst off. Secondly, Schemmel is of the opinion that in order to fully implement relational equality beyond a universal welfare state more than only egalitarian distribution is necessary. However, he demands a range of more collectively based policies with further democratization of the socio-economic arrangements. These measures could prevent the risk of political and social domination. Nevertheless, simply equalizing private ownership of production does not suffice in order to achieve an egalitarian society. When arguing for the welfare state, Schemmel contrasts his view with the liberal welfare state and the concept of property-owning democracy (POD) by Rawls. Property-owning democracy is defined by a continuously wide dispersal of private ownership of the means of production. Schemmel claims that POD does not intrinsically demand fair equality of opportunity (FEO). However, FEO as such is compatible with unequal positions regarding the control of external means of production as long as all people can attain them depending on their talents and willingness. However, fair equality could also be implemented within a welfare state by offering high quality public education accessible to all. Nevertheless, the best and most accessible public education is not sufficient to implement fair equality of opportunity when the overall socio-economic inequality is high and society is divided into very unequal social positions. Moreover, effective equality of opportunity would only be possible within a welfare regime if the intergenerational question is solved. Therefore, FEO could after all be better satisfied in POD. According to Rawls, roughly equal ownership of means of production should be stressed. Moreover, it should be emphasized that under POD equalization takes place “at the beginning of each period” (Schemmel, forthcoming, p. 11). This means *ex ante* and it puts individuals “in a position to manage their own affairs” (ibid.) For Schemmel, this means that the main complaint of those disregarding the welfare state is not that it fails to

tackle distributive inequality, but that it fails to do so according to liberal social justice. This complaint falls into two different objections: firstly, the question of social meaning of receiving welfare benefits, and its impact on self-respect. Secondly, the issue of the welfare state's incapacity to guarantee *sufficient* control over one's life. Regarding the first, Martin O'Neill suggests that someone receiving welfare transfers “may come to see himself as a passive beneficiary, rather than as a free and equal individual” (ibid.). This means that the issue revolves around the loss of self-respect when relying on the welfare state. However, Schemmel questions whether the assumption by O'Neill is justified. In fact for him, it depends on the context. This is due the assumption relying on the liberal welfare state, in which only a very small portion of population receives benefits and therefore have to go through means-tests. Given the analysis in the preceding chapter, means-tests can be damaging to self-respect. However, Schemmel contrasts the liberal welfare state with the universal welfare state (UWS) as exemplified by the model existing in Sweden. The UWS is characterized by a high level of social benefits, which are largely granted without any means-testing. Moreover, such a model grants welfare to large parts of society including the middle class, which receives such benefits in one form or another. For Schemmel, this system makes it difficult to experience how some people could be subjected to inferiority. The degree of the absence of judgements of social inferiority is due to the level of unconditionality (which is a lack of means-tests) and universalism (which is the proportion of the population covered by benefits) present in a welfare state. These two conditions ensure the decommodifying effect of the welfare state as described in the preceding section. In this regard, Schemmel claims that unconditional benefits could be particularly good for egalitarian self-respect if they are distributed independently of the economic situation of the recipient. He explains that this is due to the de-emphasis of the importance of the economic fortune of those entitled to benefits. Nevertheless, the welfare state has to ensure that people are not permanently excluded from the labor market, since exclusively relying on social benefits *is* a threat to one's self-respect. The second argument usually used to

explain why the welfare state is not guaranteeing sufficiently the safeguarding of liberal egalitarianism is concerned with individual *autonomy*. The issue at stake is that people cannot in Rawls' words “manage their own affairs” (p. 14). However, Schemmel explains how this second objection is not construed against the welfare state, but just to point out that welfare transfers are not high enough. After all, the implementation of the concept of property-owning democracy as advocated by Rawls is not possible with at least some form of the welfare state. Therefore, even under POD there is a strong case for a system of unconditional benefits to be enjoyed by a large part of the population. Regarding the question of autonomy, Schemmel points out that the welfare state delivering universal unconditional benefits is best construed as operating *ex ante* (before the beginning) as supposed to *ex post* (afterwards). Therefore, UWS contributes to enable equally all individuals to live their life as they conceive it to be good. This is done by offering high quality public education, child care, general health care, etc. These services are necessary because they relieve people from the necessity to provide for themselves through their own market income and be able to continuously count on them. In that regard, the UWS is far more autonomy-enhancing than targeted transfers specifically to the needy, who then, by definition, have already experienced the deficiency of their autonomy when selected as eligible for benefit provisions. Another claim raised against the welfare state is that, according to Rawls, it cannot sufficiently well guarantee the fair value of political liberties, which is a demanding form of equal opportunity to participate in politics. Therefore, Schemmel firstly confirms this assumption by referring to a recent study that has shown that income inequality in a large number of countries with liberal societies, who are members of the Organization for Economic Co-operation and Development leads to lower political participation. However, secondly, Schemmel claims that there is good reason to doubt that a society with market economy could ever really *block* the influence of wealth on political power at all. Regarding liberal societies all Schemmel hopes is that at least political power will be *constrained* from influencing economic power. In that regard, under the conditions of economic

equality, it is not problematic for liberal egalitarians if a person who is more interested in politics can devote more of her resources to her political activities. What is problematic though for Schemmel is the underlying economic inequality, not the conversion of economic resources into political power. Therefore, this issue has to be tackled at the root by correcting the inequalities in *economic* power leading to the inequalities in *political* power

To summarize, Schemmel explains that Rawls' arguments against the welfare state are significantly ill-supported as they overgeneralize from the liberal welfare state model. Therefore, Rawls overlooks that a universal welfare state of the Scandinavian type is considerably better placed when achieving equality of opportunity, limiting distributive inequality and safeguarding individual self-respect and autonomy. Moreover, Schemmel exposes why the welfare state cannot be replaced by a different regime because such a regime would be unjustified. At the same time, Schemmel claims that a fuller implementation of relational equality has to go beyond a universal welfare state to assure status equality and absence of domination in the world of work and to assure substantial political equality. Eventually, he wants to achieve to tackle the inequality of working conditions and the political inequality due to unequal ownership rights to the advantage of organized collective forms of control within firms and society. However, it should be noted that this analysis is *not* embraced in this Master Thesis as conclusion but only regarded as further research. The last part of this section deals with a brief consideration of the UBI from the perspective of relational equality.

2.4.1. Unconditional Basic Income from Relational Equality Perspective

When contrasting the relational egalitarian approach to distributive justice with the UBI, Schemmel regards it as complementary. He points out that, firstly, relational equality should regard an unconditional basic income not as a possible replacement of a universal welfare state. However, at most, an UBI could be a modest supplement to the UWS. Secondly, he explains that this should not be done because of the unconditional basic income giving individuals a greater array of life options. However, a supplementary UBI would free from domination even

the worst off in a UWS. When analyzing UBI, Schemmel argues that it is important to note that there is a difference between its moral basis and its sustainability. According to Schemmel, Van Parijs rules out a duty to active participation in social cooperation. He bases this on a concept of self-ownership, prohibiting to force people to work by e.g. introducing a lump-sum tax on their ability to work. Therefore, the aim of an UBI is to enhance egalitarian distribution of individual real freedom. This real freedom is understood as formal freedom plus the material means to do realize it. However, this real freedom may remain small if not enough people would choose to work. This could lead to a failure to create the resources necessary for an UBI of considerable size. Nevertheless, this would not be a problem of justice for Van Parijs. Furthermore, there is no principled reason to privilege any kind of particular benefits. However, any reason for public in-kind provision of such benefits can only be paternalistic or based on the coordination advantages that these provisions may have over individual purchase on the market, given enough people happen to want them. With this analysis in mind Van Parijs wants to abolish the welfare state with an UBI of an uncertain size. Schemmel criticizes UBI generally because of the conception of self-ownership. For him, there is no wholesale moral objection to conditionality due to the entitlement for social benefits being based on participation in reciprocal cooperation. In that regard the nature of such reciprocal cooperation also indicates a more direct justice-based, non-paternalist case for privileging equal public provisions of certain goods of the welfare state over an undifferentiated cash grant. Therefore, Schemmel advocated the priority of in-kind provision of basic goods and, hence, prioritizes a UWS. Thus, an additional UBI would be very modest. However, Schemmel acknowledges the collective benefits of an unconditional basic income beyond or even in place of those frameworks which favor each individuals in particular bargaining situations.

It is, thus, easy to point out the similarities that Schemmel and Panitch display in their argumentation against an UBI. While this could call for a European Welfare State, the practical European dimension will be considered next. This section has shown how, the universal

welfare state is much better equipped than the liberal welfare state to create a society of democratic relational equality. Even more so, the same goes for the unconditional basic income which Schemmel only regards as a possible top up of the universal welfare state. It should be acknowledged that the suggestion of a supplementary UBI to a UWS is beyond the research question posed in the beginning. However, it is concluded that a combination of both concepts debated here could be a case for further research.

3. Let's Europeanize it!

“Imagine it is found desirable to implement some form of European social justice scheme. If so, then sensibly fostering a European identity will be beneficial to this project” (Helder de Schutter, 2012, p. 187).

How to conceive of a European model of the social welfare state? This is the issue considered briefly in the last chapter of this Master Thesis. In this regard, de Schutter (2012) makes a case for a liberal nationalist European democracy, which runs counter both to European constitutional patriots and to many liberal nationalists, who declare supranational citizenship undesirable. This is due to orthodox liberal nationalism being incompatible with European citizenship. In this regard, constitutional patriotism argues that liberal nationalism is exclusionary. While the liberalism of liberal nationalism is partially deflecting the above-mentioned exclusion, it is, nevertheless, actually still the case. However, if the concept of national identity is pluralized at the heart of liberal nationalism, it is thereby transformed into national pluralism. The result is a deflection of the exclusionary liberal nationalism in such a way that it differs from the alternative constitutional patriotism. Therefore, national pluralism is compatible with European citizenship and can successfully ground the pursuit of European ties that are binding. For de Schutter, there are three ways of thinking about liberal forms of nationhood in conjunction with the EU. The first is skepticism. In fact, most liberal nationalists are skeptical about the prospects of a European citizenship and the emergence of a European identity. Therefore, some liberal nationalists defend constitutional patriotism. The second way for de Schutter is to embrace a European liberal nationalism. It envisions a European nation similarly to how liberal nationalists view domestic communities. The problem de Schutter has with this view is that it disregards sub-national and European identities. The third way is to extend national pluralism to the European Union level. To explain this way de Schutter refers to Habermas for whom the supranational view of national pluralism is not very different from its domestic approach. This is due to this model's affirmation of nationally heterogeneous political communities of the domestic view which, hence, recognizes and grants rights to more than one identity. In order to implement this approach in a non-exclusive manner two distinct

ways are possible, according to de Schutter (2012). The first way would be to create a European-wide national identity. However, such an approach can only be possible when coupled with the second approach as just explained. This would entail a justification and corroboration of an ethos at the EU, which supports the idea of respecting and weighting the sub-EU national identifiers of States and sub-State regions as well. This policy of weighting and respecting may itself become a reason for attachment to and a principle of unity of the EU. This can be pursued in general policy domains, language and minority protection, etc.. However, the respect for several layers of European identity can also be expressed in federalism granting large self-determination power to sub-EU national decision making.

In order to achieve a European identity, real solidarity is needed as explained by Sangiovanni (2013). When establishing social solidarity within the European Union, it should be done along the following three dimensions: firstly, the principle of national solidarity, which defines obligations among citizens and residents of EU Member States, secondly, the principle of member state solidarity, which defines obligations among EU Member States, and thirdly, the principle of transnational solidarity, which defines obligations among EU citizens as such.

When considering the political feasibility of his Euro-dividend approach, van Parijs (2006), emphasizes four conditions that are necessary: First, a thicker EU civil society is needed. Second, an electoral institution at EU level has to be implemented that makes it rewarding to construct and defend publicly the general interests of the population of the European Union as a whole. The third condition is the most controversial, according to van Parijs, however, it enables the realization of the first two: a thorough democratization of competences in one single language. Such a lingua franca has to be English. He reflects on his demand for English by referring back to Mill's indictment of multinational democracy as spelled out above. If Mill's dystopic view is to be circumvented, the acquisition and appropriation of English needs to be in the form of a second or third foreign language on the continent.

This section briefly considered how an application of the universal welfare state on a

European level has to be implemented. The core findings necessary for such a venture are a supplementary European identity, European solidarity and a common European *demos*. Only then would it be possible to implement a European Welfare State that thoroughly embraces the concept of democratic relational equality. To conclude it has to be pointed out that such an enterprise is politically and economically feasible, nonetheless.

Conclusion

This Master Thesis showed while distributive justice is urgently demanded by many different voices, the important issue of how to conceive a more egalitarian society divides political philosophers and economists alike. Ultimately, the question of what socio-economic regime – capitalism or socialism – is favored is underlying all these proposals of redistribution. The Thesis proposed democratic equality, a more detailed form of relational equality, that embraces the improvement of society as a whole not exclusively through redistributive measures. This is what distinguishes democratic equality from luck egalitarianism. This distinction is the result of the analysis of the first chapter. Therefore, first the origin and motivation of luck egalitarianism is debated. Then democratic equality is defined by pointing out the inconsistencies of luck egalitarianism. After that, the underlying point of equality is debated and its relation with liberty with the help of the capabilities approach. A brief last section of the first chapter shows that even redefined luck egalitarianism can not hold up to the fundamental critique by democratic equality. Effectively, this approach favors the welfare state regime, as suggested by Anderson and analyzed by Schemmel in the last part of the second chapter. However, before that is proven the compatibility of democratic equality and the unconditional basic income is concerned. Therefore, after its theoretical analysis it was shown that UBI has a very straightforward application on the European Union level as seen by the Euro-dividend proposal. However, some of the measures need to make Euro-dividend politically feasible are also necessary for the European Welfare State model. These measures are briefly considered in the last chapter and include a supplementary shared European identity, European solidarity and a European civil society. Effectively, according to Morgan (2005), any real world application of redistribution has to meet the requirement of publicity. With this he means that there should not be a filter against all values over which there are disagreements in society. However, for the requirement of publicity it is important to notice the distinction between a general argument for a European political integration and a public argument for integrating Europe. The idea of the

general argument is to appeal to all Europeans rather than a segment of them. The public argument, on the contrary, appeals to all Europeans through publicly acceptable arguments. In this regard, for Morgan publicly acceptable means “acceptable to a bare citizen, which is to say a citizen who accepts as values equality, liberty, security, and prosperity” (2005, p. 86). Given the analyze by Schemmel the universal welfare state maximizes these values. Therefore, it is argued here in favor of his proposal. A European Universal Welfare State also increases equality, security and prosperity. However, more importantly is is argued that a European universal welfare state is not violating the neutrality of the state when distributing benefits. This distinguishes it from the cash grants that are demanded by a Euro-dividend to all legal residents of the European Union. Ultimately the urgency of a European Union Welfare State is this is especially demanding given the current financial and economic crisis of the European Union and the following austerity policy measures that let to an even more unequally distributed justice on the continent. While it is *not* regarded as as solution, the universal welfare state and the unconditional basic income can be blended in, as suggested by Schemmel, to maximizes values of equality, liberty, security, and prosperity. This can be achieved by topping up of the welfare state with unconditional basic income. However, this would be an exclusive question for further research and *not* a matter of this thesis.

Bibliography

- Anderson, E. S. (1999). What Is the Point of Equality? *Ethics*, 109, 2, pp. 287-337
- Arneson, R. (2004). Luck Egalitarianism: An Interpretation and Defense, *Philosophical Topics*, 32, 1 & 2, pp. 1-20.
- Arneson, R. (2013), 'Egalitarianism', *Stanford Encyclopedia of Philosophy*.
- Bieling, H.-J. (2012). EU facing the crisis: social and employment policies in times of tight budgets. *Transfer: European Review of Labour and Research*, 18, 3, pp. 255-271.)
- Blake, M. (2001). Distributive Justice, State Coercion, and Autonomy. *Philosophy and Public Affairs*, 30, 3., pp. 257-296.
- Callinicos, A. (2012). Contradictions of austerity. *Cambridge Journal of Economics*, 36, 1, pp. 65-77.
- Cohen, G. A. (2011). *On the Currency of Egalitarian Justice and Other Essays in Political Philosophy*. (Ed.) by Otsuka, M. Princeton: Princeton University Press.
- de Schutter, H. (2012). European Union Ties that Bind: Political or Cultural? In: Cloots, De Baere, Sottiaux (Eds.). *Federalism in the European Union*. Oxford: Hart Publishing, pp. 169-190.
- Dworkin, R. (2000). *Sovereign Virtue: The Theory and Practice of Equality*. Cambridge, MA: Harvard University Press. p. 146 (envy test)
- Frank, T. (2014). Paul Krugman won't save us: We need a new conversation about inequality. http://www.salon.com/2014/02/23/paul_krugman_wont_save_us_we_need_a_new_conversation_about_inequality/ Retrieved on 30/03/2014.
- Ferrera, M. (2006). *The Boundaries of Welfare: European Integration and the New Spatial Politics of Social Protection*. Oxford: Oxford University Press.
- Goodin, R. (1988). *Reasons for Welfare. The Political Theory of the Welfare State*. Princeton: Princeton University Press.
- Heath, J. & Panitch, V (2010). Why Cash Violates Neutrality. *Basic Income Studies*, 5, 1, pp. 1-26.
- Hermann, C. (2012). Crisis, Structural Reform and the Dismantling of the European Social Model(s). Working Paper, Institute for International Political Economy Berlin, No. 26/2013 retrieved on 01/02/2014 from: <http://www.econstor.eu/handle/10419/83958>
- Morgan, G. (2005). Welfare (Ch. 4). In: *The Idea of a European Superstate. Public Justification and European Integration*. Princeton: Princeton University Press. (pp. 70-88)
- Nagel, T. (1991). *Equality and Partiality*. New York: Oxford University Press.
- (2005) The Problem of Global Justice, *Philosophy & Public Affairs*, 33, 2, pp. 113-147.
- Obinger, H. Leibfried, S. & Castles, F. G. (Eds.) (2005). *Federalism and the Welfare State: New World and European Experiences*. Cambridge: Cambridge University Press.
- Panitch, V. (2011). Basic income, decommodification and the welfare state. *Philosophy and Social Criticism*, 37, 8, pp. 935-945.
- Pentaraki, M. (2012). 'If we do not cut social spending, we will end up like Greece': Challenging consent to austerity through social work action. *Critical Social Policy*, 33, 4, pp. 700-711.
- Pogge, T. (2007). Cosmopolitanism (Ch. 12). In: Goodin, Pettit, Pogge (Eds.). *A Companion to Contemporary Political Philosophy*. Oxford: Blackwell Publishing.
- Porter, S. (2013). Capitalism, the state and health care in the age of austerity: a Marxist analysis. *Nursing Philosophy*, 14, 1, pp. 5-16.
- Rawls, J. (1971). *A Theory of Justice*. Cambridge: Harvard University Press.

- Rawls, J. & Van Parijs, P. (2003) Three letters on The Law of Peoples and the European Union. In: *Autour de Rawls*, special issue of *Revue de philosophie économique*, 8, pp. 7-20. Retrieved from:
<http://www.uclouvain.be/cps/ucl/doc/etes/documents/RawlsVanParijs1.Rev.phil.Econ.pdf>
- Rakowski, E. (1991). *Equal Justice*. New York: Oxford University Press.
- Roemer, J. (1994). *Egalitarian Perspectives*. Cambridge: Cambridge University Press.
- Sangiovanni, A.(2013). Solidarity in the European Union. *Oxford Journal of Legal Studies*, 33, 2, pp. 213-241.
- Schemmel, C. (2012). Luck Egalitarianism as Democratic Reciprocity? A Response to Tan. *The Journal of Philosophy*, 109, pp. 433-448
- Schemmel, C. (forthcoming). What's wrong with the Welfare State? (Ch. 7) In: *Justice and Egalitarian Relations*. manuscript developing a relational egalitarian conception of social justice, pp. 0 - 37
- Van Parijs, P. (1995). *Real Freedom for All. What (if Anything) Can Justify Capitalism?* Oxford: Oxford University Press.
- (2006). Bottom-up Social Europe. From Subsidiarity to Euro-Dividend. Plenary address at the Conference organized at the initiative of the Finnish presidency of the European Union *The EU's evolving Social Policy and National Models. Seeking a New Balance* in Helsinki.
- (2007). International Distributive Justice. (Ch. 35). In: Goodin, Pettit, Pogge (Eds.). *A Companion to Contemporary Political Philosophy*. Oxford: Blackwell Publishing.
- (2012). Justice for all and the European Union. Retrieved on 14/03/2014 at:
<http://philosophersforchange.org/2012/01/18/justice-for-all-and-the-european-union/>
- Vollaard, H. (2009). *Political Territoriality in the European Union: The Changing boundaries of security and health care*. Leiden: Leiden University.