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WORK IN PROPERTY-OWNING DEMOCRACY:  
FREEMAN, RAWLS, AND THE WELFARE STATE

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# Work in Property-Owning Democracy: Freeman, Rawls, and the Welfare State\*

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**I**n *Liberalism and Distributive Justice*, Samuel Freeman collects a number of essays published between 2009 and 2018. Although many important questions of political philosophy are addressed in the book, from the historical relation between classical liberalism and capitalism to that between global justice and distributive justice, a pivotal role is given to the idea of property-owning democracy (POD), an institutional arrangement intended to overcome capitalism, favoring the wide distribution of wealth in a system of privately owned means of production. In the central paper addressing this topic, Freeman insists on the odd fact that even though Rawls has generally been understood as a defender – and perhaps *the* defender – of the welfare state, this was not his own position. In fact, Rawls was a critic of the welfare state, deeming it incapable of realizing the requirements of justice as fairness. Together with liberal

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(democratic) socialism, Rawls defended POD as the best social arrangement of his just society.

Reading Rawls as providing a justification of the welfare state is a common mistake. Italy provides no exception. Among the many reasons why I am particularly happy to participate in this *Symposium* – and I would like to thank all the participants and Professor Freeman for agreeing to contribute to this issue – is to help introduce this debate in Italy as well. In my paper, I will try to clarify the distinction that Rawls traces between the welfare state and POD. I will argue that Rawls distinguishes two different ways in which a system can be inconsistent with justice as fairness. The first concerns those systems that are based on principles that simply deny justice as fairness, as in the case of capitalism. The second concerns systems that, while pursuing aims similar to those of justice as fairness, are structured in ways that cause them to work very differently from their intended aims. Following Esping-Andersen's identification of different "worlds" of welfare states, I will show which specific kind of welfare state falls under Rawls's first argument. Although Rawls does not say much about the other kinds of welfare states, I will claim that by acknowledging that Rawls does not aim to reject the welfare state *per se*, Freeman does still try to defend POD as more compatible on the whole with Rawls's ideal of justice, turning on one version of Rawls's second argument. In contrast with many supporters of the welfare state, for Freeman, Rawls anchors his defense of POD with a specific view of distributive justice, according to which redistribution is inextricably linked to production. In doing so, I believe that Freeman shines a light on some crucial aspects of the theoretical foundation of justice as fairness that are still in need of clarification. I will claim, however, that if, as Freeman wants, taking part in production must be the basis of distributive justice, then it will be a robust welfare state – rather than POD – that realizes Rawls's principles of justice.

Although intended to defend the welfare state against POD, I regard my speculations as modelled on Freeman’s own ideas. In what measure they make sense of his view, I will leave to Professor Freeman to establish.

## I

Rawls’s defense of POD, and especially his rejection of the welfare state, has emerged only recently. In fact, *A Theory of Justice* has generally been understood as a defense of the welfare state. In part, this is due to internal reasons. As we are about to see, Rawls’s reference to POD in *Theory* is not very elaborate and its contrast with the welfare state is not clearly stated. As Rawls will claim about thirty years later, of the two things he would “handle differently”, if he wrote *Theory* again, “to distinguish more sharply the idea of property-owning democracy from the idea of a welfare state” is one<sup>1</sup> In fact, it is only in *Justice as Fairness: A Restatement* that Rawls finally clarifies his rejection of the welfare state in favor of POD.

Rawls’s idea of POD was inspired by James Meade, who wrote about the subject in the early 1960s. However, we should not overestimate the loan. Meade’s POD, as well as his own rejection of the welfare state, pertains to certain concerns regarding the future effects of greater automation, none of which Rawls shows signs of sharing, and which proved to be quite different from what was expected, as we will see.<sup>2</sup>

In addition, reasons related to *Theory*’s social and political environment help explain Rawls’s reception as a defender of the

<sup>1</sup> J. Rawls, “Preface for the Revised Edition”, in Rawls 1999 (1971), xiv.

<sup>2</sup> Meade 1969, 26. For a short history of POD, cf. Jackson 2012. For a comparison between Meade and Rawls, see Thomas 2017, 160 ff.

welfare state. Rawls theorizes an ideal society with the aim of providing both a foundation of certain institutional arrangements and, where an actual society does not match these standards, an instrument for reforming them. His principles of justice establish a sufficiently detailed system for sharing socially produced wealth in a framework of equal freedoms for all. Although far from perfect, the welfare state represents the most concrete and effective system for distributing the product of social cooperation, and is unsurprisingly a source of endless disputes – both scientific and philosophical – regarding its foundations, its aims, and its extension. It is anything but strange that Rawls's *Theory* came across these debates, leaving in the background, essentially unnoticed, the fringe and rather vague idea of POD, both in Europe and in the U.S. This becomes even clearer in the light of two further considerations.

Whether rightly or wrongly, from a European perspective, the welfare state is our own creation. It constitutes not just one aspect of the institutional arrangement of European societies, but the very organization of its social tissue. Obviously, this is not to say that there are no social policies or a concern for the less fortunate in the U.S. Fierce disputes surrounding cultural/structural explanations of the perpetuation of poverty bear witness to a lively debate regarding American welfare policies, dating back to the “War on Poverty” of the 1960s. Against the backdrop of these disputes, in 1996 President Bill Clinton signed into law a (controversial) reform “ending welfare as we know it.” By introducing a new institutional mechanism called “work for welfare” (workfare), the reform sought to fight welfare dependence, seemingly representing an admission of the failure of American social policies as well as the lack of a genuine welfare state. Rawls's distributive ideal has been read as an attempt to push

America to become a real welfare state, by taking the European welfare state as a model.<sup>3</sup>

On the other side, the European welfare state was not operating in safe waters. Since the economic recession of the mid-1970s, philosophical, scientific, and political controversies regarding the nature of the welfare state have been accompanied by a debate on the *crisis* of the welfare state, addressed by both the right and the left. The original discourse of the crisis of the European welfare state was framed in fiscal terms, necessitated by the growth of public debts and their inflationary consequences. However, even when this diagnosis of the crisis proved ungrounded, budgetary concerns did not disappear, as a new issue came to be regarded as crucial. It was claimed that in the age of globalization big welfare states engender a lack of competitiveness unsustainable for their economies, as it appeared evident when comparing “Eurosclerosis” with the nimble USA.<sup>4</sup> The new diagnosis was endorsed by the European Commission, which in the 1990s issued a series of Green and White Papers essentially proclaiming the unsustainability of European welfare policies. Certainly, in these papers the Commission repeatedly championed the American welfare state for more efficaciously stimulating people to work, giving rise to an academic and political debate on the Americanization of the European welfare state.<sup>5</sup>

The Americanization of Europe was no doubt mentioned in a pejorative sense, but it would be reductive to circumscribe the attempt to reform the welfare state only to those right-wing circles

<sup>3</sup> Examining the successes and the failures of what he calls the War on Poverty, originated by President J.F. Kennedy in the 1960s, Michael Katz writes: “Rawls offered liberals what they badly needed: a fresh, cogent legitimation of the welfare state”, Katz 2013, 145.

<sup>4</sup> Cf. Castles 2004.

<sup>5</sup> Cf. Alber 2010, 103. For the White and Green Papers, cf. Kuper 1994.

inspired by neoliberalism. For one part of the European left, the traditional welfare system was indeed in crisis, and the need for a new institutional design was not simply an ideology. As Antony Giddens claims in his famous *Third Way*, the political manifesto of Tony Blair's New Labour and, shortly after, of the New-Left spreading across Europe, European welfare states were based on a number of preconditions none of which still stood, from full employment (implicitly intended as *male* full employment), to a homogeneous labor market.<sup>6</sup> Changes in the structure of the family, of society, and of the market, were manifestly creating a social demand that was much more complex and diversified than in the past and that the traditional welfare state appeared unable to match.

In a different context and with different aims, G.A. Cohen has noted how distributive justice was traditionally viewed as a social transfer from the wealthy to a homogeneous working class. Distributive questions across workers were not significant. However, what came to be known as the disintegration or fragmentation of the working class was radically changing this view. In the presence of a fragmented working class, the traditional conception of the distributive question took a different shape, conferring a central role to the way in which redistribution among workers occurs.<sup>7</sup> This immediately affected the welfare state, especially because it was accompanied by the emergence of new forms of poverty and social unrest. As an effect of structural changes in the family, society, and the economy, the fragmentation of the working class and the emergence of new forms of poverty were viewed by many as evidence that the welfare state had to be profoundly re-examined, and new forms had to be invented.

<sup>6</sup> Giddens 2008.

<sup>7</sup> Cohen 1995, 153.



Such an analysis of the crisis of the welfare state was all but popular on the left.

Indeed, for welfare systems that – no matter what their genesis – had been profoundly shaped by socialism, not to say Marxism, emphases on the failures of the traditional welfare state, on the fragmentation of the working class, and on the new attention being paid to poverty, were seen as signs of social regress. For this “old” left, claiming that the welfare state had to cope with the insurgence of diversified social needs and facing the new flexibility of the labor market represented a process of Americanization in the unmistakably negative sense of foreshadowing a reduction of workers’ rights. The wrongs, according to these critics, were not in the welfare state “as we know it,” but in neoliberal politics. Willingly or unwillingly, by trying to reform the welfare state, the European reformists were, in effect, accepting the neoliberal logic, accommodating the welfare state to the market’s diktat.

The debate on the crisis of the welfare state was harsh and divisive. It would not be an exaggeration to deem it one of the causes, if not the main cause, of the blatant difficulties that the left is today facing all across Europe. Worse, it constitutes one of the sources of populism and nationalism on both the left and the right. In fact, the process of the centralization of economic policies that took place following the establishment of the European Union (EU) moved forward unaccompanied by a centralization of social policies, which essentially remain in the hands of states. This determined (and determines) a schizophrenic Europe that, while requiring that states implement social policies, prevents them from doing by imposing budgetary constraints.<sup>8</sup> The effect is fueling anti-European sentiments that reinforce nationalism and populism.

<sup>8</sup> Atkinson 2002, 627-628.

The relevance of this issue can hardly be overstated and goes well beyond political circles. Against this background, Ronald Dworkin conceived his *Sovereign Virtue*, whereby he explicitly pledges for a redefinition of the welfare state in line with the third way.<sup>9</sup> Clearly, it is also because of this that Rawls has come to be read as a defender of the welfare state. From a European perspective, of course he had.

In the face of fierce political debates concerning if and how to reform the welfare state, Rawls's *Theory* represented an invitation to Americans to look at the European experience and a guide for us.<sup>10</sup> This renders it particularly important to clarify, as Freeman and a few other scholars have begun to do, the meaning of Rawls's rejection of the welfare state in favor of POD, promoting, as Rawls claims, "the wide dispersal of property" as a necessary condition to maintain "the fair value of the equal liberties" (Rawls 1971, 245).

## II

Though it is only in 2001 that Rawls clarifies his opposition to the welfare state, his interest in POD dates back to *Theory*. Rawls introduces POD in the second part of *Theory* when he turns to "describe an arrangement of institutions that fulfils [the] requirements [of the second principle of justice]" (Rawls 1971,

<sup>9</sup> Dworkin 2000, 7.

<sup>10</sup> Esping-Andersen 2002. The book is the outcome of a scientific report on the evolving architecture of the European welfare state that Gøsta Esping-Andersen, together with Duncan Gallie, John Myles, and Anton Hemerijck, were asked to produce by the Belgian Minister for Social Affairs and Pensions, Frank Vanderbroucke, for a conference organized by the Belgian Presidency, after the "new and ambitious goal ... assigned to the European Union for the next decade" set by Lisbon Council of 2000 (ix). As Vanderbroucke says in presenting the book, in accomplishing their task, Esping-Andersen and his collaborators "explicitly refer to a broadly Rawlsian conception of justice" (xvi).

228), after having discussed them “in abstraction from institutional forms” in the first part (*ibid.*, 171).

In considering the three parts into which *Theory* is divided (“Theory,” “Institutions,” and “Ends”), one might be tempted to read its second and third parts as additional elements in which Rawls takes pride in applying his two principles as an exercise of dexterity, adding nothing to the justification of the principles. Had Rawls less time or less will, he could have released the first part alone without loss. Despite this being a grave mistake, it would not be as harmful had it not helped to reinforce a misunderstanding of Rawls as an idealist philosopher, who establishes his principles of justice in conditions that are not our own and are thus either meaningless or useless to us.<sup>11</sup> Nevertheless, Rawls is not playing with Platonic idealism. Principles of justice that are good for Heaven but that have no hope of realization on Earth would be meaningless to Rawls. For while “justice as fairness is not at the mercy ... of existing wants and interests,” as Rawls clarifies, “it sets up an Archimedean point for assessing the social system without invoking a priori considerations,” resting on the contrary on “psychological premises” as well as on any sort of useful empirical consideration, from sociology, to economics, to social and moral psychology (*ibid.*, 321, 230). The parties in the original position, as Rawls states, “know the general facts about human society. They understand political affairs and the principles of economic theory; they know the basis of social organization and the law of human psychology.” “There are no limitations,” for Rawls, “on general information,” as no limitations are put “on general laws and

<sup>11</sup> Freeman discusses this topic in replying to Amartya Sen’s objection to Rawls (Freeman 2018, 257-293). Reading Rawls as an idealist is becoming more and more common as the resurgence of realism or new-realism spreads, under the influence of authors such as Bernard Williams, Stuart Hampshire, William Galston, and many others.

theories” (*ibid.*, 119). In fact, in the absence of such considerations, the choice of parties would be ungrounded.

As is well known, Rawls assumes that the parties in the original position choose the principles of justice regulating the arrangements of the main institutions of their society. When making this decision, the parties knowingly choose the kind of obligations which they will find themselves constrained by, according to the institutional arrangement they select and the position which they happen to occupy. They are required to accurately evaluate whether they will be able to cope with the burdens that will weight on them, taking into account the attitudes and sentiments that the scheme will generate. They will reject principles that would generate systems that they have reasons to believe *now* will place on them burdens that they would not be able to satisfy. If certain principles are likely to generate systems that do not enhance self-respect, for instance, the parties will judge that they will nourish envy or resentment, possibly stimulating them to deviate from justice should the circumstances allow. As a result, they will reject those principles.

However, given that “the principles of justice apply to the basic structure and regulate how its major institutions are combined into one scheme” (*ibid.*, 242), the “duties and the obligation” the parties are required to evaluate are those with which they could be asked to comply, depending on the position they happen to occupy in the social scheme that the principles engender (*ibid.*, 171). In this sense, the principles are selected by keeping in mind the institutional system and the obligations it would create. Accordingly, considerations concerning which ideal system certain principles will produce are crucial for choosing them, demonstrating that the second (and third) part of *Theory* are all but additional. Indeed, the justification of the two principles would not be complete in their absence.

Given the relevance that the choice of a system has for the very justification of the principles of justice, the selection of POD as a form of economic organization that, together with liberal socialism, can only realize justice as fairness, is an especially important topic. Especially important too is the rejection of the welfare state as inadequate to the scope. The juxtaposition of POD to the welfare state becomes explicit only in Rawls 2001. In *Theory*, in fact, not only is there no clear indication of the welfare state's rejection, but some reasons are offered to believe the opposite. Rawls's first mention of POD comes after a discussion concerning ownership of the means of production. The aim of this discussion is to show how, given certain conditions, justice as fairness can be realized in a regime of private property or through public/collective ownership of the means of production. The two main elements for such an equivalence are the provision of public goods and the role of the market. The essence of such a discussion may be summarized as demonstrating that the public ownership of the means of production does not necessarily perform better in providing public goods, and that there is no principled opposition between the market and socialism.

With respect to public goods, ranging “from military equipment to health services” (Rawls 1971, 239), Rawls acknowledges how, given their public and indivisible nature, the distribution of public goods must be carried out by the state and not by the market. However, he emphasizes how distribution is distinct from production. In this sense, once a decision has been taken on which and how much must be provided, it does not matter whether the state buys them on the market or from firms that are publicly owned (*ibid.*)<sup>12</sup>. Public ownership must also be severed from the amount of public good that is provided by the state. In this regard,

<sup>12</sup> This point could be contested. In fact, there might be good reasons for not wanting an overly meager state. Stiglitz 2000, 207.

the two systems can analogously perform well or badly. Moreover, according to Rawls, the particular list of public goods to be provided does not concern a theory of justice and must be left to political sociology (*ibid.*).

With regard to the market, Rawls distinguishes liberal/democratic socialism from systems based on a command economy, be it right- or left-wing. Liberal socialism is characterized by full acknowledgment of individual fundamental freedoms, among which is the free choice of occupation. By not interfering with this, any socialist society must necessarily allow some kind of labor market (*ibid.*). Moreover, even though in a socialist economy planning will play a greater role in driving production, room is still left to deploy the informative power of the market (*ibid.*). As long as nothing prevents the public ownership of the means of production from making use of the market, and there is no connection between the system of production and the quality and quantity of public goods, justice as fairness can be realized by either socialism or by a system that allows private property as POD. Which of the two systems will ultimately prevail, for Rawls, depends “upon traditions, institutions, and social forces of each country, and its particular historical circumstances” (*ibid.*, 242; Rawls 2001, 139). By turning to POD as the favored system of *Theory*, Rawls thus seems to suggest that that is the system most likely to be realized in a country like the U.S., whereas were Sweden the society in question, it would be socialism rather than POD which best realizes justice as fairness, given its dissimilar history and political culture. However, despite mentioning POD and liberal socialism as the two preferred cases, Rawls adds “many intermediate forms” that, depending upon traditions, institutions, social forces, historical circumstances and so on, can all realize the two principles of justice (Rawls 1971, 242). This reasonably suggests that at least some forms of welfare states are included within the intermediate forms capable of realizing the requirements

of justice. Such an impression is immediately reinforced by the very description of POD, which includes equal opportunities for education and cultures, equal opportunities in economic activities and in the free choice of occupation, social minimum, all of which are traditional elements of the welfare state. It is only when mentioning inheritance and gift taxes as means for the “wide dispersal of property” that Rawls hints at something beyond the scope of the welfare state (*ibid.*, 245). In fact, both inheritance and gift taxes are currently implemented in many states, albeit to a lesser extent today than in the past. However, what Rawls seems to have in mind is a kind of taxation well beyond what currently exists. Nevertheless, even when this is taken into account, it is not clear that inheritance and gift taxation stand in contrast to the welfare state (Freeman 2018, 144).

Regardless, as stated earlier, in *Justice as Fairness* Rawls makes clear that not only are POD and the welfare state two distinct ideal models, but that the latter is in contrast with justice as fairness (Rawls 2001, 139). Of the five systems that Rawls takes into account, evaluating which can effectively realize the two principles of justice and which cannot, only POD and socialism survive. No mention is made of intermediate forms. Moreover, the equivalence between socialism and POD is now only conditional. For Rawls acknowledges that the public ownership of the means of production might prove more effective than POD in realizing justice, as a regime of POD might generate “political and economic forces that make it depart all too widely from its ideal institutional description.” If this is the case, as Rawls claims, “the case for liberal socialism is made from the standpoint of justice as fairness” (*ibid.*, 178). Of the three remaining systems, the command economy is easily dismissed in that it violates the first principle of justice. Capitalism is more interesting. Capitalism, as a concrete system, is hardly mentioned in *Theory*; just a couple of times in reference to Keynes (Rawls 1971, 263). However, *Theory* fully and unequivocally

rejects the system of natural liberty, the philosophy on which capitalism is grounded. Thus, what is genuinely new in *Justice as Fairness* is the contrast between POD and the welfare state and, in particular, the rejection of the welfare state on the very same bases as for capitalism.

Rawls rejects the system of natural freedom (capitalism) for it allows that “the initial distribution of assets for any period of time is strongly influenced by natural and social contingencies.” Although granting a background of equal liberty and equal “legal rights of access to all advantaged position,” “no effort is made” in a system of natural freedom “to preserve an equality, or similarity, of social conditions” (Rawls 1971, 62). Something similar is true of the welfare state, as according to Rawls it “also rejects the fair value of political liberty” (*ibid.*, 137). Rawls acknowledges that, in contrast to capitalism, the welfare state shows “some concern” for equality of opportunity, but he assumes that “the policies necessary to achieve that are not followed” (Rawls 2001, 138).

Nevertheless, it must be noted that Rawls distinguishes two ways in which a system can stand in contrast to justice as fairness. The first is a principled one, concerning systems that simply do not aim to reach a certain ideal. Under the plausible assumption that a system is unlikely to reach something for which it does not aim, a system that is explicitly not intended to satisfy the requirements of justice as fairness cannot but be rejected from the point of view of justice as fairness (*ibid.*, 137). This is clearly the case of capitalism. Capitalism is based on a system of philosophical doctrines that variously deny the requirements of justice as fairness *as just* requirements. However, as we have seen in the case of socialism, POD is only *prima facie* equivalent to it. Eventually, Rawls acknowledges that by allowing private property, POD may end up generating interests in its basic structure that can make it difficult, if not impossible, to satisfy the requirements of justice (*ibid.*, 178).



This means that a second way in which a system can stand in contrast with justice as fairness is that, while aiming to reach the very same ideals or something similar, it is so designed that its basic institutions generate interests “that make it work very differently than its ideal description” (*ibid.*, 137). If this is the case, then the contrast between justice as fairness and the welfare state might concern not so much its aims, but its design.

As we have seen, the main objection that Rawls raises against the welfare state rests on its failures in protecting the fair value of equal liberty. What Rawls clarifies in *Justice as Fairness* is that the reason why the welfare state provides insufficient protection for the fair value of political freedom is that it typically redistributes “at the end of each period” (*ibid.*, 139). In doing so, the welfare state intervenes too late, so to speak. Those with less will receive their share eventually, but this *ex post* intervention is of little avail against “a discouraged and depressed underclass,” “chronically dependent on welfare.” These people will easily feel “left out” and unwilling to “participate in the public political culture” (*ibid.*, 140). According to Rawls, income redistribution at the end of each period warrants that none will “fall below a decent minimum standard of life,” and that all will “receive certain protections against accident and misfortune,” including unemployment compensation and medical care (*ibid.*, 139). Nevertheless, it cannot “prevent a small part of society from controlling the economy, and indirectly, political life as well” (*ibid.*). Despite the fact that “welfare provisions may be quite generous and guarantee a decent social minimum covering the basic need” (*ibid.*, 138), the welfare state still “permits a small class to have a near monopoly of the means of production” (*ibid.*, 139). Accordingly, to protect the equal value of political freedom, “the widespread ownership of productive assets and human capital (that is, education and trained skills), at the beginning of each period” must be ensured as a necessary condition (*ibid.*). This would “put all citizens in a position to

manage their own affair on a footing of a suitable degree of social and economic equality” (*ibid.*).

Based as it is on the way in which its redistribution functions, however, this objection is clearly addressed to the *modus operandi* of the welfare state. It does not necessarily concern the project underlying its construction.<sup>13</sup> Capitalism and welfare state capitalism, after all, do constitute two different ideal models, in Rawls’s view. While *laissez-faire* capitalism not only *permits* “a small class to have a near monopoly of the means of production,” but this is what it consists in, the same cannot be said of the welfare state. In the measure in which the welfare state is distinct from capitalism, we can say that it is a *failure* of the welfare state that it *permits* the accumulation of the means of production in just a few hands. This leaves open the possibility that, while putting citizens “on a footing of a suitable degree of social and economic equality” is after all the aim of the welfare state, doubts can be cast concerning its capacity to do so. As in the case of the contrast between POD and socialism, this is largely an empirical question. Its vindication depends on proving that there are structural features of the welfare state that inevitably cause it to fail in this way. It should be proved, for instance, not only that *ex post* redistribution has been until now unable to prevent capitalist accumulation, but that it is structurally unable to do so.

However, in the very same paragraph, interwoven with this line of argument a very different point can be reconstructed. Moving on to a second, stronger objection to the welfare state, Rawls describes this as a system essentially devoted to assisting “those who lose by accident or misfortune” (*ibid.*). In contrast with POD, according to this second argument, the welfare state does implicitly conceive of the least advantaged as the “unfortunate and unlucky

<sup>13</sup> A similar conclusion, although based on a different argument, is reached by Schemmel 2015, 395.

– objects of our charity or compassion,” if not of our pity (*ibid.*). Rawls, of course, does not deny that protecting people from misfortune and assisting the unlucky are requirements that a just society is compelled to satisfy. In fact, these functions remain essential responsibilities of the institutions of a just society (*ibid.*). However, assisting the unfortunate is neither sufficient for the sake of justice nor is it the essential aim of a just society. Well beyond assisting the unlucky or the unfortunate, a just society must recognize “a principle of reciprocity to regulate economic and social inequalities” (*ibid.*, 138), something that the welfare state appears not only unable to do, but not intended to do. Might these two objections address different kinds of welfare states? Rawls does not sufficiently explore the argument. However, as I will claim, Freeman hints at such a possibility. For the rest of this paper, I will address Freeman’s interpretation of Rawls’s criticisms of the welfare state and defense of POD. For the sake of simplicity, I will often speak of Freeman’s criticism of the welfare state and defense of POD, sometimes attributing to Freeman opinions that are, in effect, accounts of Rawls’s thought.

### III

As Gøsta Esping-Andersen has remarked, it is quite common even in the scholarly literature to take the welfare state as a given, uncritically accepting the “nation’s self-proclaimed welfare-state status,” and making little effort to define the welfare state itself.<sup>14</sup> Questions concerning (for instance) ways in which the welfare state supports or conflicts with capitalism, or whether the welfare state has essentially to do with class mobilization or with a basic modicum of well-being for citizens, do not seem to be of much

<sup>14</sup> Esping-Andersen 1996, 20.

interest to welfare scholars.<sup>15</sup> In discussing the welfare state in general, however, we must be certain that anything similar even exists. Nobody would deny, in fact, that present-day welfare states largely differ from each other. Thus, we must ensure that in abstracting all the aspects that make them different from one another, we can still talk of the welfare state as a single object. So, what exactly is a welfare state?

Welfare state studies can be conceived as one part of a larger topic concerning the relation between the market and the state. In the historical battle between liberalism and socialism, liberals were those defending a limited role for the state at the service of the market. This was also how socialists conceived of the liberal state. Socialists argued that the liberal state was indeed at the service of capitalism, but whereas liberals saw this as the eternal role of the state, Marxists believed that it merely constituted a historical phase, destined to collapse. Freeman notes the irony that the liberal position of those days, defending a limited role of the state, closely resembles the current position of American conservatives, opposed by the liberals of today (Freeman 2018, 2). It would certainly be misleading to suggest that Freeman aims at reconstructing the meaning of the word “liberal.” However, in the first two chapters of his book, Freeman traces some important distinctions internal to the liberal doctrine that, in part, explain the question.

Freeman distinguishes between two forms of liberalism: classic and high. The reason for choosing an expression as uncommon as high liberalism, evoking historians’ expressions “High Classicism” or “High Middle Age,” is double. On the one side, Freeman wants to avoid speaking of new liberalism, generating confusions with neoliberalism, as high liberalism represents the opposite.

<sup>15</sup> *Ibid.*, 18.

Neoliberalism is the expression commonly used in the current debate to refer to a set of policies urging for a retreat of the state from the market, in contrast with high liberalism (*ibid.*, 1). On the other side, some historical flavor is desired. For high liberalism does not coincide with contemporary liberalism, dating back to Mill and Dewey (*ibid.*, 23); moreover, it must be seen as an evolution of classical liberalism, generated by a different interpretation of ideas and principles already embodied in it (*ibid.*, 3). The common ground of liberals of any kind, of course, is the special importance attributed to individual freedoms. Although liberals differ in the list of freedoms they acknowledge as basic, a cluster of fundamental freedoms can still be identified: freedom of thought, freedom of conscience, freedom of the person, and free choice of occupation are all examples of basic liberties (*ibid.*, 17). For people actually exercising their liberties, freedom must be regulated. All fundamental freedoms thus find restrictions of some kind. However, while no freedom is unlimited, restrictions are permitted only for the sake of protecting freedom itself (*ibid.*, 17). If this represents the common point of liberals of any sort, where classic and high liberals mostly disagree is on the importance they attribute to economic freedoms, property rights, and the related freedom of contracts (*ibid.*, 18). However, contrary to what might be believed, the difference for Freeman is on the emphasis they attribute to economic freedom, rather than being absolute. For while classical liberals do attribute to economic freedoms a degree of importance that high liberals challenge, they do not claim the very same significance of personal liberties. Indeed, they acknowledge that economic freedom can be restrained for reasons other than protecting freedom. Classical liberals, in this sense, would recognize as bases to restrict economic freedoms the conditions necessary for free competitive market and efficiency, as well as for procuring and maintaining health, safety, and public goods (*ibid.*, 19). According to Freeman, this is where classical

liberals mostly differ from libertarians, whom he does not deem part of the liberal family. In fact, in contrast to classical liberals, libertarians attribute to property rights the same value of basic personal freedoms (*ibid.*, 73). Moreover, they conceive of political power as private and “privately exercised” (*ibid.*, 83), whereas for liberals both classical and high, political power is eminently public, to be exercised impartially and only for the common good (*ibid.*, 21, 72). The acknowledgment of the legitimacy of the state’s intervention, even at the cost of restricting economic freedom for the sake of the public good or protecting social or collective interests, reveals, for Freeman, the real nature of classical liberals’ view of economic freedoms. In classical liberalism, in fact, economic freedoms essentially depend on efficiency (*ibid.*, 19). In that they view the market as the most efficient way to allocate and distribute income and wealth, classical liberals regard a system of economic freedoms as justified insofar as it is necessary to keep the market free and efficient, with the underlying assumption that a system in which income and wealth are efficiently allocated maximizes the collective interests. It is not by chance, Freeman notes, that most classical liberals were utilitarians (*ibid.*, 21).

Utilitarianism, according to Freeman, both provides the justification of capitalism and explains the transformation of *laissez-faire* capitalism into welfare state capitalism (*ibid.*). In fact, endorsing social utility as their fundamental value, classical liberal utilitarians had no trouble in justifying money transfers from the wealthier to the poorer. Poor people usually attain more satisfaction from a given amount of money than those who already have a lot of it. It is easy, from this perspective, to justify provisions to “the most disadvantaged, or at least to the disabled ... in order to raise them at least to the threshold of a minimally decent life” (*ibid.*, 21). This is not to say that contemporary classical liberals do not object to the extent of these transfers. However, most of them,

according to Freeman, accept a “safety net” for people unable to provide for themselves (*ibid.*).

What is very interesting, in this brief account of the philosophical foundation of the welfare state as a system providing support to the most disadvantaged or to the disabled, is how no mention is made of the traditional social insurance schemes addressed to workers, often on a contributory basis. These include medical care, sickness, old-age, unemployment and maternity benefits, together with less traditional paid and non-paid leave for training, paid and non-paid leave for assisting relatives and so on. Not only are such schemes what any welfare scholar would consider the proper object of her field of studies, but they are the very parameters whose variations defines kinds, types, or worlds, of welfare states regimes. What might explain such a discrepancy? Referring to the welfare state while having in mind poor relief is not uncommon in the Anglo-American world. As Brian Barry suggests, “with few exceptions, British and American philosophers who have written about the justification of the welfare state have in fact produced a justification of the Poor Law.”<sup>16</sup> According to Barry, there might be significant theoretical reasons explaining such an attitude, for there is an obvious sense in which poor laws are more redistributive than the welfare state.<sup>17</sup> However, although this is a very important point, there are also important historical reasons to consider.

Taken as historical objects, existing welfare states evolved in very different milieu, so to speak, animated by very different political cultures. As is well known, Northern European welfare states, the promised land of any welfare scholar, are often insulated as a very peculiar experience, with no comparison in other

<sup>16</sup> Cf. Barry 1990, 504.

<sup>17</sup> *Ibid.*, 505.

countries. Southern European welfare systems, on the other hand, may be distinguished from the rest of Europe owing to differences in the structure of society and in the family.<sup>18</sup> Welfare in the United Kingdom (UK) is sometimes considered *unique* in the European panorama, in that it is more similar to the American welfare state than to European models. Analyzing these differences, Esping-Andersen identifies three different worlds of welfare systems: the liberal, the corporatist, and the social-democratic.<sup>19</sup> By referring to different *worlds*, Esping-Andersen wants to suggest that the expression “welfare state” is better understood as lying at the level of species rather than at the level of kinds. After all, it is one thing to be a lion, and another to be a cat.

In terms quite congenial to Rawls, Esping-Andersen believes that analysis of the welfare state must be conducted not at the level of political sociology, but at the level of political economy. By this he means that the nature of the welfare state is better understood by investigating the role of the state in managing and organizing the economy, under the assumption that “employment, wages and overall macro-economic steering are ... integral components in the welfare state complex”.<sup>20</sup> Once so understood, for Esping-Andersen, the differences between existing welfare states do appear not as epiphenomenal varieties of a single object, but as manifestations of different “logics,” according to which different kinds of welfare states operate. This helps clarify how in thinking of the welfare state we cannot speak of a single object at different degrees of development, but of different objects aimed at realizing different goals.

<sup>18</sup> See Ferrera 1996.

<sup>19</sup> Esping-Andersen 1996, 3.

<sup>20</sup> *Ibid.*, 2.



Esping-Andersen's tripartition of welfare states is based on a criterion of class coalition, according to which the logic governing each model essentially depends on the way in which different social and political forces from the working class to religious institutions and conservative parties combine to shape the system.<sup>21</sup> However, this is not what mostly interests us. In fact, on different bases, Richard Titmuss has traced a similar distinction between residual and institutional welfare states, this idea becoming a classic in welfare studies. More interesting is the fact that these authors make similar diagnoses concerning the model into which the American welfare state falls – liberal or residual – according to the terminology adopted.<sup>22</sup> Consistent with Freeman's reconstruction of the welfare state as the product of the very same political culture offering the most consistent justification of capitalism, Esping-Andersen, Titmuss and many others agree that the American welfare state exemplifies a type of welfare system that is characteristically market conforming. As Freeman enlightens, driven by the conviction that the market provides the most efficient allocation of wealth and income, the American welfare state is residual in that it is designed to interfere as little as possible with the efficient operations of the market. This is what gives it its peculiar residual, assistance-based appearance.

These considerations lead to the finding that, to the extent that the welfare state is rejected as incompatible in principle with the aims of justice as fairness, as in the second of Rawls's objections, it is not the welfare state as such that is rejected but a specific form of welfare system.<sup>23</sup> This helps explain why Freeman speaks of the welfare state in terms of policies tackling poverty. For poor relief,

<sup>21</sup> *Ibid.*, 3.

<sup>22</sup> Titmuss 2018 (1958).

<sup>23</sup> Schemmel 2015, 397.

in effect, is the essential characteristic of residual welfare states, both in theoretical terms and with regard to their policies. In fact, the American GDP share for social protection – notably “the lowest of *any* Western industrial society,” according to the OECD – is mostly absorbed by programs for the poor.<sup>24</sup> This is not to say that the American welfare state does not provide pensions, medical care, or unemployment insurance. For however much talk of the American welfare state “remains for many an oxymoron,” in the words of Michael Katz, it would be mistaken to deny that there exist in the US genuine social insurance programs.<sup>25</sup> Currently, a complex of federal-national programs guarantees relatively generous old-age insurance. Medicare and Medicaid, the two health programs respectively addressed to the elderly and to the poor, have been extended, covering a significant part of the population.<sup>26</sup> Nonetheless, it is still the case that “when the American government does act to shelter individuals and families from economic hardship, it is more likely to do so in ways that conform to market principles.”<sup>27</sup> The lion’s share of American social insurance, for instance, is represented by private welfare. For the most part, (regular) employees receive their health insurance and pensions from their employers, according to schemes and rules that are not mandated by the state and are mainly in the hands of

<sup>24</sup> Noble 1997, 7.

<sup>25</sup> Katz 2010, 508.

<sup>26</sup> *Ibid.*, 517. This was before Donald Trump’s election.

<sup>27</sup> Noble 1997, 7. Recent OECD data indicate that social spending is 18 per cent of the GDP of the U.S., compared with 22.66 per cent in Portugal and 27.9 per cent in Italy. France is highest, with 31.2 per cent. In themselves, these data do not say much. Both in Italy and Portugal, for instance, a large amount of social spending goes toward pensions. However, in the U.S. the rate of expenditure is the lowest according to any indicator. <https://data.oecd.org/social-exp/social-spending.htm>.

private insurance companies.<sup>28</sup> This apparently “state-free” insurance system is responsible for a “conceptual” distinction between workers, seen as receiving benefits corresponding to nothing but what they paid, and non-workers, receiving underserved public assistance out of “the others” benevolence.<sup>29</sup> Although this is strictly false, for there are also obvious redistributive elements in insurance schemes, the separation between private insurance and public assistance characteristic of residual welfare states reinforces such a conceptualization.<sup>30</sup>

The U.S. is of course not unique in practically and conceptually linking social benefits to work. However, depending on its market-conforming policies, it is characterized by the fact that the state plays a very limited role in education and training, as well as in offering jobs. In such a market-conforming welfare state, poverty is the only issue that the state must confront. Unemployment *per se* is a self-solving market problem, dealt with by reducing pay and expectations.<sup>31</sup> It is instructive, from this point of view, to look to Robert Solow’s comments concerning the workfare reform mentioned at the beginning of this article. As we have seen, the workfare reform was aimed at reducing assistance by activating people in the labor market. Solow is sympathetic with the intent of the reform. He believes that “if it could be taken for granted that [transforming welfare into work] would be accomplished in ways that are neither punitive nor degrading, then ... the routine substitution of work for welfare would be clearly desirable, indeed a necessary step to ... a ‘decent society’”.<sup>32</sup> However, predicting its

<sup>28</sup> Noble 1997.

<sup>29</sup> Katz 2013, 3.

<sup>30</sup> To understand the redistributive nature of private schemes, we have to think of the role that taxation policies play in shaping private-sector pensions plans. See Howard 1997; Esping-Andersen 1996, 79-104.

<sup>31</sup> Solow 1998, 24.

<sup>32</sup> *Ibid.*, 7.

failure, he strongly criticizes the reform as more a slogan than a reality. The reason for Solow's disappointment is the fact that having faith in people finding a job by simply "activating" them is based on the false premise that a large number of jobs waiting for uneducated ex-welfare mothers will soon become available, matching the offer, so that "a net addition to aggregate employment" will be effected. However, as Solow notices, "there is absolutely no reason to believe that our economy holds a substantial number of unfilled vacancies for unqualified workers".<sup>33</sup> Answers to chronic dependence require much more effort to find than workfare.<sup>34</sup> In fact, even Sweden's inclusive welfare state was made sustainable by pursuing employment policies. Nevertheless, the state played an extraordinary role, providing services for intensive education and training programs, and absorbing workers – especially women – in the service sector.<sup>35</sup>

What has been said so far is consistent with a description of the welfare state as implicitly conceiving of the least advantaged as the "objects of our charity or compassion." In residual welfare states, this is literally what happens. In residual welfare states, social security is not really viewed as a set of social rights, but as part of a private agreement between employers and employees. State intervention is thus only permitted when the problem is already there. It is this that makes the welfare state residual. For where the state refrains from tackling unemployment and from regulating employment in all its forms, there is little that needs to be done.

<sup>33</sup> *Ibid.*, 27.

<sup>34</sup> The OECD data are again interesting. Together with the UK, the U.S. is the country investing the least in the labor market. Estonia, Slovenia, and the Slovak Republic, just to name a few examples, show less spending than in the past, but are still well above the U.S. line from 2008. <https://data.oecd.org/socialexp/public-spending-on-labour-markets.htm#indicator-chart>.

<sup>35</sup> Esping-Andersen 2003, 80.

The welfare state is reduced to a public assistance role. When a welfare state is residual and, as we have said, market conforming, then it makes sense to describe it as pursuing aims distinct from and in contrast with justice as fairness. For, in full contrast with justice, the logic of a residual welfare state is that of interfering as little as possible with the market's efficient usage or "exploitation" of individuals' productive powers for the sake of some and not of all. This translates into policies ideally aimed only at those who are considered unable to work, members of specified categories, from people with disabilities, to widows, to single mothers of very young children, all of whom must prove their eligibility. The consequences are selective benefits administered by a bureaucratic apparatus, which intrudes into individuals' lives and produces social stigma.<sup>36</sup>

One peculiar characteristic of the residual welfare state, moreover, is that what is viewed as an act of generosity, deserving gratitude for those who pay for it, does not look quite so generous to those who receive it. In fact, in residual welfare states it is difficult to raise the poor above a certain threshold. Doing so would end up with workers and non-workers enjoying the same quality of life, in contrast with the aim of making the market the best option. This also fits with Freeman's considerations showing how in (residual) welfare states, citizens are likely to consider the assisted as a social cost, while the assisted feel threatened in their self-respect (Freeman 2018, 155). In residual welfare states, in fact, both those who pay and those who receive have reasons to complain.

The sketch of the American welfare state just offered is quite conventional. Even though it is widely shared, some scholars would criticize it, either by questioning some aspects of the picture,

<sup>36</sup> On the disadvantage of selective, non-universal services, see A. Weale 1990, 474.

or by rejecting the picture entirely. The emphasis on dependence on which both Freeman and Rawls insist, for instance, is a highly disputed question among scholars. According to many, insistence on dependence is overstated, either because the evidence does not support it, or, more radically, due to skepticism regarding the sanctification of self-reliance. A wider objection comes from scholars who fully reject the characterization of the American welfare state as residual. Resting on Christopher Howard's research on fiscal policies, for instance, Jens Alber claims that European scholars, and the many American students who rally behind them, completely misunderstand the American welfare state. By focusing almost exclusively on direct expenditure and ignoring tax benefits, they significantly underestimate the social impact of the American welfare state.<sup>37</sup> However, it has not been our goal here to negotiate these disputes. The aim of this sketch has merely been to account for the sense in which there might be – in fact, there are – kinds of welfare states that are effectively incompatible with justice as fairness. This vindicates Rawls's strongest objection, according to which the *ex post* distribution of this kind of welfare state depends upon the idea that assisting those who fall into poverty *only once they fall* is the only possible aim of redistribution. Nevertheless, what can be said about the second possible objection? If there is more than one kind of welfare state, there can be a sense in which POD surpasses non-residual welfare states not because they in principle contradict justice of fairness, but because their overall design makes them unlikely to realize what they are meant to realize. Is that the case?

<sup>37</sup> Alber 2010, 103.

## IV

From a historical point of view, as we have seen, the welfare state must be considered as the product of very different social circumstances that gave rise to systems functioning according to different “logics.” Of the three models of welfare states that Esping-Andersen distinguishes, only the liberal (residual) presents the peculiar market conformity that we have just described. This does not mean, however, that all non-residual welfare states share similar concerns for social justice, nor that they are the products of similar processes and forces. For instance, corporatist welfare states (Italy, Germany, and to some extent France) are the outcome of conservative efforts and, especially in Italy, of the Church’s influence on the state. They were designed not for the sake of equality, or social justice, but essentially to hold off the threat of socialism. This was effected by segmenting the world of work and thereby making expert use of the divide-and-conquer principle. As a result, they are strongly fragmented welfare states, characterized by complex and differentiated social schemes intended to engender white-collar loyalty, separating them from the working class.<sup>38</sup> In this sense, only the social-democratic welfare state is genuinely egalitarian. Nevertheless, compared with the residual welfare state, corporatist welfare states are still more sheltering.<sup>39</sup> Moreover, they have been interpenetrated by universalistic features of social-democratic models, as public and (essentially) unconditional health systems show.<sup>40</sup> Thus, although both Southern and continental welfare states can hardly be equated to their Northern

<sup>38</sup> Esping-Andersen 1996, 24. On the Italian welfare state as shaped by a long path of reforms attempting to cope with Europe, see Ferrera & Gualmini 2004.

<sup>39</sup> Esping-Andersen 2003, 79.

<sup>40</sup> The German health system, in fact, is rather peculiar, but this does not change the essence of the argument.

counterparts, I will refer in the following to a generic European welfare state as aimed at rendering people much more equal and much less exposed to market risks.<sup>41</sup>

However, even if we take for granted that social justice can be seen as the essential aim of all European welfare states, it is still all but certain that they are capable of materializing it. European welfare states, as we have seen, are hardly enjoying their best moments. In recent decades, the costs of welfare states have become such a major problem in Europe that the concrete possibility of realizing social justice has begun to appear much less realistic than in the past. The idea that the welfare state as we *knew* it in Europe must be seen as a transitory product of a particular historical moment – and not, as we thought, a permanent result of European democracy, destined to realize full equality and social justice – is gaining momentum among scholars of different orientations. Globalization (is claimed to have) changed the scenario, making it difficult for firms to be competitive with high rates of taxation, so in the absence of global regulation, local deregulation is the only possible answer.

In the literature on distributive justice, there is a significant division between those who maintain that we can no longer conceive of society as the unit of distributive justice, and those who believe that the state still has an important role to play with respect to social justice.<sup>42</sup> Although fiscal sustainability is not the essential concern in this philosophical debate, its terms can be easily extended to the welfare state. In this case, what is in question is the concrete possibility of the local taxation of global capitalists who are free to move their money, if not their firms, as they like.

<sup>41</sup> Ferrera 1996.

<sup>42</sup> Freeman addresses this question in chap. 6.



I do not deny the impact of globalization on national welfare states. However, it must also be kept in mind how the self-declared inevitability of a retrenchment of the welfare state for reasons of competitiveness could actually depend on the neoliberal orientation of the élites, rather than on the unsustainability of the welfare state. As Paul Krugman suggests, “it is simply not the case that the world’s leading nations are to any important degree in economic competition with each other.” Although attractive to many people, “the obsession with competitiveness is not only wrong, but dangerous, skewing domestic policies and threatening the international economic system.”<sup>43</sup> In the same line, analyzing the “myths and realities” of the unsustainability of the welfare state, Francis Castles points out that the widespread claim that globalization is producing or will soon produce the collapse of the welfare is in no way supported by empirical analysis.<sup>44</sup>

I rest on this ground. While not denying the complications that national welfare states must face in a globalized environment, I assume that, insofar as the European welfare state is in fact in trouble, the causes of such difficulties are endogenous rather than exogenous, as we are going to see.<sup>45</sup> It must be said that such an assumption is more palatable in countries with a coinage and a national bank. The situation is more complicated in Europe, where, with the constitution of the EU, states have lost a significant part of their decision-making power in fiscal and monetary policies, not substituted, as noted earlier, by a complementary will of the Union to implement social policies. However, I will ignore this further aspect, assuming that more than an economic question, this is a political and institutional question that will hopefully be solved when we begin to consider Europe as

<sup>43</sup> Krugman 1994, 30.

<sup>44</sup> Castles 2004, 14.

<sup>45</sup> Esping-Andersen 2003, 3.

a single unit of some kind, instead of having a bundle of states pursuing their own interests.

The continued importance of the state, moreover, is indirectly confirmed by the fact that, despite enduring warnings as to the necessity of reducing social expenditure, policies in this direction have not in reality provoked a reduction in workers' rights in the traditional sector of the labor market. However, they have not failed to produce consequences.

Non-residual, less market-conforming welfare states determine a labor market that is typically much more rigid than residual ones. Employers in such welfare states do not have the same room for maneuver they are allowed, for instance, in the more flexible U.S. There is not the same degree of flexibility in lay-offs and recruitment, for example. The rigid legislation of the labor market is obviously an intended goal of non-residual welfare states. It is part of what makes them non-residual. However, the unwanted outcome of such desired rigidity is a decrease in employers' propensity to recruit personnel.<sup>46</sup> The effect of the rigidity of the labor market is not particularly problematic at higher levels of the productive chain, where productivity is also high, and employers are prone to endorse the costs of qualified workers and to take responsibility for hiring them. However, it is especially relevant at the bottom of the labor market, as well as for young people, typically lacking work experience. Employers do not willingly hire workers if the contract legislation does not allow them to discard them as soon as market opportunities change or the employee fails to match their expectations. As a result, we see high rates of unemployment affecting all European countries, albeit in different measures. Apparently, the more workers are protected in their workplace, the less work and job places will be available, hence the

<sup>46</sup> Scharpf 2001, 279.

more the welfare state protects “insiders,” the more it excludes “outsiders.” We might say that each American working poor is a European unemployed.<sup>47</sup> This is what has been called “welfare-without-work.”<sup>48</sup> We can imagine, of course, that in a just society, where education is intensively pursued, the problems of unskilled people will be reduced. However, no matter how intensively we pursue education – and we must – there will always be workers at the bottom of the production. If, as we surely want, we protect them, we must also accept that a significant number of otherwise available jobs will not be offered on the market. The answer that most European governments have provided to the growth of unemployment has essentially consisted in making the labor market more flexible. Specific formulas have differed, but the common result has been a maze of contractual instruments easing employers’ burdens and decreasing the rights of large sectors of workers. This is part of what we have called the Americanization of Europe. While the introduction of flexibility has generally been justified as an instrument for favoring access to the labor market, by triggering a virtuous circle, the reality has been the emergence of a secondary labor market from which people rarely escape. Moreover, even under these conditions, rates of unemployment are often very high.

The scenario envisaged by the welfare-without-work phenomenon is not one that Freeman explicitly addresses. However, the relation between welfare and work, or, as we also might say, between work and distributive justice, is particularly useful for clarifying some aspects of his conception of POD, as well as his criticism of the welfare state. The spread of high rates

<sup>47</sup> Esping-Andersen 2003, 1: “Europe will herald in the new century with 15-odd million unemployed; North America, with about the same number of low-wage workers.”

<sup>48</sup> Esping-Andersen 1996b, 66-87.

of unemployment in Europe has pushed many politicians and policy makers to consider the possibility that severing social security from work might be a valid answer to the phenomenon, taking the welfare-without-work scenario not as a problem to solve, but as the solution. While the political viability of such a solution is still controversial, the idea that the traditional connection between work and social security on which non-residual welfare states are also based should be dropped finds a philosophical ground in the luck egalitarianism theory, whose representatives, in Freeman's terms, "are open to the claim that distributive justice should not be contingent upon social cooperation and contributing one's fair share" (Freeman 2018, 150).

Apparently, luck egalitarians have much to share with Rawls. Like Rawls, they believe that our life prospects are deeply influenced by the social position of the family into which we happen to be born, and that this is incompatible with the ideal of a just society. They are also convinced that justice requires the deletion of these influences, giving people the very same chance to develop their natural endowments. Moreover, in contrast with utilitarians, they ground the opportunity people must be given to develop their natural gifts not on the obvious social advantages that this can procure, but on an individual basis. For luck egalitarians as for Rawls, people must have the very same possibility not only to realize their plans of life, but to develop their life prospects in ways "insensitive to their circumstances," as Dworkin would say, of which they are not responsible.<sup>49</sup> In addition, luck egalitarians share with Rawls the idea that, while we have different native talents and personal endowments, any distinction between the personal, "genetic" endowments we possess and the social circumstances in which we happen to find

<sup>49</sup> Dworkin 2000, 323.

ourselves is extremely difficult to draw. Furthermore, even when talking of genuine traits of character and personal abilities, their distribution is a matter of sheer luck, which should not play a role in matters of distributive justice.<sup>50</sup> Of course, this does not mean that we aim at “equalizing” individuals in the same way we try to equalize social positions. In the case of social positions, we actually try “to level the playing field,” to quote Roemer.<sup>51</sup> However, we do not attempt to eliminate the differences among us. Nonetheless, just like we transfer money from the socially advantaged to the socially disadvantaged, we must transfer money from the naturally advantaged or endowed to the naturally disadvantaged, so that the only social and economic differences to persist among us will be those we might ascribe to our different conceptions of what makes life worth living.<sup>52</sup>

Although this picture clearly recalls Rawls’s theory of justice, Freeman underlies how luck egalitarians radically depart from Rawls, in that they do not capture an aspect that is central in his view of distributive justice. In particular, Freeman claims that what they do not account for is a conception of distributive justice aimed at realizing reciprocity “at the deepest level,” which includes as a distinctive aspect “productive reciprocity,” or “reciprocity among socially productive citizens” (Freeman 2018, 150). Not focusing “on reciprocity among socially productive citizens,” however, luck egalitarians interpret distributive justice as a matter of “redress or compensation,” making clear how their view of social justice is still that of compensating the unlucky or assisting the unfortunate (*ibid.*, 149). Having in mind the welfare-without-work scenario, this means that in the face of high unemployment, nothing prevents

<sup>50</sup> *Ibid.*, 74. See also Cohen 1989.

<sup>51</sup> J. Roemer, *Equality of Opportunity*, Harvard University Press, Cambridge MA. 1998, 5.

<sup>52</sup> Dworkin 2000, 73.

luck egalitarians from considering work something that we had better retain for the endowed and the talented who can fruitfully deploy their capacities in the market, allowing everyone else to choose whether and how much to engage in productive activities. This is not to say that any luck egalitarian supports a universal basic income of the kind Philippe Van Parijs and others defend.<sup>53</sup> They may or may not, but whatever their position on the necessity of working, what they lack is an argument for excluding the welfare-without-work scenario as a plausible solution for a just society grounded on their very conception of distributive justice. Their view, we can say, is purely distributive, and does not concern production. Nevertheless, as the nexus between production and redistribution is disregarded, their conception of social justice comes to resemble that underlying residual welfare states. Hence, even though luck egalitarians aim to equalize people, rather than merely relieve the poor, their commitment to redistribution is still concern for the unlucky, and is thus susceptible of criticisms comparable with those that can be raised against such form of welfare state. This argument, however, is not fully convincing.

Freeman assumes that if we give up productive reciprocity, dropping the nexus between work and redistribution and providing to all a basic income of some sort “whether they are able and willing to work or not,” “we encourage dependence among the worst off and a feeling of being left out of society” (Freeman 2018, 151). Nevertheless, while it is true that residual welfare states are objectionable in that they only aim to assist the poor, the emphasis here must fall on poverty, not on assistance. Assistance, it seems to me, is different from assisting *the poor*. Under the assumption that we all need assistance sooner or later in our lives, assistance is

<sup>53</sup> Indeed, Dworkin explicitly excludes it, defending a system that, while warranting training, requires that people make their best effort to find a job. *Ibid.*, 336.

the very reason why the welfare state exists at all. However, I do not see how POD could be different from this point of view. Not by chance, it incorporates many elements of the traditional welfare state.

Residual welfare states, as we have seen, are not merely characterized by the fact of assistance, but by the specific way in which assistance takes place. Given their market-conforming design, in residual welfare states, assistance takes place only when individuals fail. No real effort is made to prevent people from failing. It is this form of assistance – rather than assistance in itself – that generates the feeling of being excluded. We have already noted how social security is no less redistributive than social assistance. Not all of us, fortunately, get sick. Not all of us have children, or face short-term unemployment, but we all pay for this kind of safety net. What luck egalitarians claim is that if such a mechanism works for what we may call “the labor market lottery,” it is unclear why it should not work for any other lottery in our lives.

It is worth recalling that what Rawls finds objectionable about the (residual) welfare state is that it creates an underclass of people “chronically dependent on the welfare state,” who, feeling excluded, do not take part in public life. Nonetheless, when talking of chronic dependence on “others’ largesse,” to quote Freeman, we are talking of poorly educated people on the edge of poverty. Of these people, it makes sense to say (as Freeman suggests) that they are “politically despondent” (Freeman, 132). However, there is no reason to believe that the non-workers of non-residual welfare states would amount to the poor of residual ones. As the basis of redistribution is equality and not poverty relief, non-workers would be provided not only with education, health care, and family allowances, but with a sufficiently high social income. Granted these conditions, even if individuals do not work and do

not exercise what Freeman calls “economic agency,” they read, or may read, newspapers, they watch, or may watch, television, or use the Internet. In sum, they are likely to be informed of what is going on at least in the same measure as people involved in the market. Moreover, although it is their choice how they will dedicate their time, be it travelling or taking piano lessons, nothing prevents them from being politically engaged or committing in civil movements. As soon as they are no longer poor, and nothing compels us to believe that they must be, there seems to be no reason to assume that exclusion from the labor market automatically transforms into political passivity. I am not denying that there might be *other* reasons for distinguishing redistribution among workers from redistribution between workers and non-workers. However, the fair value of political liberties does not seem to be the point at issue. The problem, if there is one, must lie somewhere else.

Freeman notes that it is easy to forget that “among the primary goods ... are not only income and wealth, but also ... the social bases of self-respect” (Freeman 2018, 151). Work is one fundamental source of self-respect. The implication Freeman draws from the relation between work and self-respect is double. On the one hand, Freeman assumes that the social bases of self-respect are threatened when workers lack “economic agency” (*ibid.*, 159), having “no economic powers or responsibilities in deciding the direction or policies of the firm” (*ibid.*, 151). Thus, in terms recalling Marx’s concept of alienation, Freeman insists that, when lacking decision power, workers might come to be treated as at one with the machinery they are maneuvering, as a thing and not, as they deserve, as full moral persons. On the other hand, Freeman believes that if work is so crucial for self-respect, then the Rawlsian principle of fair equality of opportunity should have stronger implications than Rawls draws. For the principle, according to Freeman, should not only require, “as Rawls says,” fair opportunities to compete for open positions and educational and



cultural resources. In Freeman’s interpretation, “it also requires ongoing opportunities for citizens to exercise economic powers and some degree of freedom and control in their work, thereby assuming a degree of initiative and responsibility” (*ibid.*, 160).

The implication Freeman draws from the fair equality of opportunity is largely shared. Many insist on being working and participating in productive activity a crucial basis for self-respect. We have already mentioned Solow, for instance. Richard Arneson is another. For the most part, however, the status of the nexus between work and self-respect is conceived as largely depending on culture. “In our culture,” Solow says, “a large share of our self-respect depends on one’s ability to make a living.” His claim is echoed by Richard Arneson, according to whom “the linkage between self-esteem and employment ... is forged by cultural beliefs.”<sup>54</sup> Christian Schemmel also specifies how, whether and to what extent relying on ourselves jeopardizes individuals’ self-respect “depends on the social meaning of welfare transfers,” varying from context to context.<sup>55</sup> However, this is not what Freeman has in mind. Nor is it what Freeman believes Rawls had in mind. For Freeman, the relation between work and self-respect, as well as the sense in which having a meaningful job is among the human goods, must be taken as a true fact of human nature, an empirical claim supported by “psychological laws” (Freeman 2018, 162). Freeman (and Rawls) would certainly agree that the status of these laws is not as fundamental as the laws regulating our brain/mental processes, if any, but this should not bring us to see cultures as floating over social institutions.

Marx is often said to have prefigured a society freed from needs.<sup>56</sup> It is not my intention to delve into Marx’s exegetical

<sup>54</sup> Solow 1998, 7; cf. Arneson 2001.

<sup>55</sup> Schemmel 2015, 398.

<sup>56</sup> Rawls does read Marx in these terms. See Rawls 1971, 249; Cohen 1995, 116ff.

disputes, but it is worth recalling how there was at least another Marx who also believed that while through their work of modifying nature human beings satisfy their needs, they also modify themselves, thereby creating new and unforeseeable needs, to be satisfied in a never-ending process of production and transformation.<sup>57</sup> While the way we produce is subject to continual change, the fact of social production, for Marx, is not. Rather, common to all forms of society, social production is a condition of human existence.<sup>58</sup> Taken from this point of view, the reward we attach to labor reflects the fundamental and constitutive role of social production. A human association in which to work or not means nothing would no longer be a “society” in the sense we currently attach to the word. Perhaps in an unimaginable future there will be human associations in which things will be different, but this is not something that makes any sense for us to discuss.

In Marx’s descriptive/explicative view, the role of social production, whose structure depends on historical laws beyond our control, is all-encompassing. It determines the rest of the social structure. This is not what Rawls believes. Rawls hypothesizes that we *choose* our system of production, making sense of a project for reforming societies, something that would have been meaningless for the non-reformist Marx. Moreover, in contrast with Marx, Rawls’s basic structure is distinguished into two parts governed by principles that enjoy a relative degree of autonomy from each other. It is not the case that the way our system of production is organized determines the sphere of our personal freedoms and rights. In no sense is the first principle of justice derived by the second. This does not mean, however, that redistribution could be handled independently in a system of production. In fact, for Rawls and Freeman as well as for Marx, it is by setting a system of

<sup>57</sup> Marx 1867, I, 283, 287.

<sup>58</sup> *Ibid.*, 290.

production that we establish how the social product is distributed. In Rawls's normative terms, this means that asking how the social wealth should be distributed is to ask how our system of production should work and how, accordingly, our roles in the production should be constituted: Which duties and powers, which social prestige, and finally, which share of the social product. It is in this sense that distributive justice is essentially conceived as the distribution of the social wealth among its producers.

Obviously this does not mean that we owe nothing to people who do not contribute. Distributive justice does not exhaust justice. There are things that we owe to people who cannot work, to refugees and to economic migrants. We have duties of assistance to other nations and so on. All of these are very fundamental questions that a general theory of a just society should fix, but they are not the basic question of distributive justice, and they are not answered by the second principle of justice (Rawls 1971, 7).

The *prima facie* egalitarian character of Rawls's principles of redistribution, according to which we should redistribute equally – unless a different distribution is better for all, starting from the least advantaged – makes it easy to understand Rawls as stating that the logic underlying the two principles of justice is one and same. Exactly as we are equal with respect to the first principle of justice, so that any way of treating us differently with respect to fundamental freedoms would be a violation of it, so the reason why we distribute equally, at least *prima facie*, is that economic and social differences among us would violate equality. In fact, even though it is certainly true that individuals differ from each other, some being better endowed and more talented than others, their superior endowments only depend on winning or losing the morally arbitrary lotteries, natural or social. Given that nobody deserves the talents and social advantages one happens to have, we cannot make redistribution contingent on them. Anything that creates

differences among us and that depends on these arbitrary elements of sheer luck, or that does not depend on our genuine choices, is morally unjustified. However, so the argument would proceed, if the reason why we redistribute equally is that people are in fact morally equal, then there can be no reason for distinguishing workers from non-workers.

While apparently heavily drawing from Rawls, such a “monistic” view does not capture the sense in which the distribution of “natural talents and abilities – as these have been developed or left unrealized, and their use favored or disfavored over time by social circumstance and such chance contingencies as accident and good fortune” (*ibid.*, 63) are morally arbitrary and do not ground any claim to a share of the social product. In fact, what Rawls means by saying that social and natural endowments do not ground entitlements is not that because they are morally arbitrary no difference can depend on them without violating moral equality. This is in contrast with the pluralistic structure of the basic structure. Rawls’s rejection of *natural* entitlements rests on the fact that talking of *entitlements* “presupposes the existence of an ongoing system of cooperation” (*ibid.*, 89). In fact, it is only given a system of cooperation that people are entitled to something. As Rawls sees the issue, “natural distribution is neither just nor unjust; nor is it unjust that persons are born into society at some particular position.” These, according to Rawls, “are simply natural facts” (*ibid.*, 87). Although for Rawls it is how institutions treat such facts that determines what is just or unjust, no implication follows that to treat people *as equals* the entire product of social cooperation must be redistributed equally. In Rawls’s view, while the first principle of justice regulates all that which in some way we oppose in society – that which is not available to others – the second principle refers to the division of labor. Here, granted the rights warranted by the first principle (and by the first part of the second),

the differences among us can and must be deployed for reciprocal advantages (*ibid.*, 87).

Thus, the *prima facie* egalitarian character of the redistribution recommended by the second principle of justice does not depend on the fact that because your (known) contribution owes to features that you do not deserve, then you are not entitled to the (entire) share of your product. Rather, the idea is that in a system of cooperation based on the division of the labor, it makes absolutely no sense to claim a share (or a right to the holding) by referring to the contribution, it simply being false that the product of the social cooperation can be explained as the logical sum of individuals' productive effort (*ibid.*, 271).<sup>59</sup> In essence, the question is epistemological, not moral. What is wrong in explaining the distribution of wealth by referring to factors such as luck, or chance, or, for this matter, parsimony, laboriousness, and so on, is not that they are morally arbitrary, which they are, but that they are not explanatory enough. Such explanations ignore (or hide) the structural and irreducibly social aspects that cause individuals to perform as they do. Injustice lies in ignoring these structural aspects. By compelling us to choose the principles of justice, Rawls addresses the idea that the rules with which we have to comply must resemble as closely as possible those we would give to ourselves, reflecting a Kantian conception of society as an association of free human beings. Rawls believes that in order for people to live a life that reflects their choice, certain material conditions must be granted. In this sense, individuals must be put in the condition of living a free life on an equal basis. However, this does not mean that Rawls aims at eliminating, or ignoring, the

<sup>59</sup> For a rejection of the principle "to each according to her contribution" based not on moral considerations, but on a theory of explanation, see Garfinkel 1981, 195. See also Rawls 1971, 269.

structural aspects of society. When talking of the compensation of social and natural determinations, luck egalitarians seem to be engaged in forging an ideal of unconditional free choice, as if by eliminating social and natural influences they could also remove these constitutive features of society.<sup>60</sup> This does not make sense for Rawls. A just society is not one in which individuals can have anything like a radically free life, but one in which acting freely means to act in a certain way. In this respect, Rawls's ideal of free choice is strongly qualified, incorporating a robust conception of the person and the society (Freeman 2018, 24). For Rawls, as free but unmistakably social beings, the rules according to which we can live our lives include, among others, those that express recognition of the fact “that the well-being of each depends on a scheme of social cooperation without which no one can live a satisfactory life” (Rawls 1971, 88).

I think that this, rather than the fair value of political liberties, provides the basis for Freeman's understanding of POD as more compatible on the whole with Rawls's conception of justice. With its *ex ante* redistribution, POD distinguishes the social conditions that must be warranted for putting “citizens in a position to manage their own affairs” on an equal basis from the sphere where individuals must be let free to manage their own lives. On the other hand, as a system of production, POD also accounts for the truth that the goods that put people in the position to manage their own affairs must be produced and reproduced. In this sense, POD incorporates the idea that to live a life that is self-directed also means to live a life according to rules which make a system of production — existing for the sake of mutual benefit — both

<sup>60</sup> It is interesting to note how Cohen's reflection on equality and his objections to Dworkin's egalitarianism is, in fact, a wide reflection on the concept of choice (cf. Cohen 1989) Philippe van Parijs also often refers to the absence of compulsory working as *real* freedom. Cf. van Parijs 1995.

possible and prosperous. Whereas the welfare state traditionally focuses almost exclusively on redistribution, POD arises as an encompassing system of production and redistribution. Nevertheless, just because Rawls's ideal of autonomy requires our participation in the society, here comprehending our participation in the system of production, there are good reasons to believe that the welfare state is more compatible with justice as fairness than POD. Indeed, the welfare state might prove indispensable if production plays the role it is assumed to play in Rawls's ideal of justice.

Given the fundamental importance that both Rawls and Freeman attribute to work, it is unsurprising that they both insist on the importance of full employment policies. Freeman, as we have said, goes even further, requiring an interpretation of fair equality of opportunity presupposing ongoing opportunities for citizens to exercise economic powers, which I see as a request for a serious and extended involvement of the state in employment policies. As we have also seen, however, full employment is not an easy goal to attain, as sheltered workers and a rigid labor market seem to be accompanied by high rates of unemployment and vice versa. Despite Krugman's repeated reminder that it is wrong to see states as competing against one another in the international arena, the common explanation of the correlation between sheltering welfare states and unemployment is that, in a context of international competition, firms burdened with strong workers' rights perform much worse than those operating in more market-conforming societies, creating disincentive effects on enterprise. Exactly this kind of analysis has prompted reforms of the labor market, reducing its "rigidity," as we sketched earlier. However, as Fritz Scharpf notes, such a taken-for-granted relation between international pressure, welfare expenditure and rates of unemployment should be examined more closely, for although unemployment is a significant problem in much of Europe, this is

not the case all across Europe. Indeed, interesting and unexpected correlations emerge between high welfare expenditures and high employment rates. According to Scharpf, if there actually were a simple correlation between welfare expenditure and unemployment rates, what we would find is that in sectors exposed to international competition, countries with strong welfare states would perform badly, while countries not burdened in such a way would perform much better. In fact, this is not the case.

In a very detailed data analysis, Scharpf shows how “[t]he United States is doing rather poorly in the exposed sectors, whereas some of the Scandinavian countries, and among Continental countries Germany, Austria and, remarkably, Portugal, are doing much better.”<sup>61</sup> Interestingly, the countries showing the highest unemployment rates (Italy and France) are those “characterized by intermediate levels of welfare expenditure,” and whose main characteristics are their low rates of employment in *local* services – “community, social and personal service” – which are typically not exposed to international pressure. Moreover, whereas in the U.S. “41 per cent of the working age population have jobs in the local services, and Sweden is not far behind at 39 per cent, [in] Austria, Germany, France, and Italy, by contrast, the employment/population ratio of local services reaches only 28 per cent.” Germany fares worse than Denmark, the UK, and the Netherlands, but it fares better than the rest of the European countries. Thus, not only does there not seem to be a clear correlation between unemployment and welfare expenditure, but because “it is in these ‘local services’ that the data show a significant difference,” it is there that the explanation of “the poor employment performance of Continental welfare states,” Germany, Italy, and France, seems to lie.<sup>62</sup> In fact, what these data

<sup>61</sup> Scharpf 2001, 273.

<sup>62</sup> *Ibid.*, 274.



show is the existence of a double correlation between rates of employment and highest and lowest welfare expenditures. The countries showing better employment rates are *both* those spending more (Norway, Sweden) and those spending less (the U.S.). This may appear surprising at first sight, but upon reflection it is not. We hinted at the beginning to the anxieties that incipient automation engendered in social scientists, fearing an affluent society accompanied by a substantial loss of job places. This was not only Mead's anxiety. Writing a few years later, Titmuss revealed the same kinds of worries, and in fact they are still around.<sup>63</sup> Nevertheless, what these kinds of scenarios generally overlook is the vast extension of a demand for services marking the passage from industrial to post-industrial capitalism.<sup>64</sup>

Services are certainly not new, as they have always existed. However, their growth is new. Many reasons have contributed to the growth in demand for services. The general amelioration of the economic condition of a large part of the population has transformed societies from being dominated by producers to consumers instead, expanding the tertiary sector. Further, farms' tendency to reduce their dimensions (and their costs) by externalizing part of their production has also contributed to the "tertiarization" and the expansion of the service sector. Even more important, however, are two social changes that have taken place in recent decades. On the one side, the aging of the population creates a demand for assistance and health services. This is not only because older populations need more health care. More generally, the lengthening of life expectancy pushes people to take care of themselves, as what we all want is a long, *good* life, not only a long life. On the other side, however, the most important change at the

<sup>63</sup> Titmuss 1964, 31. For an analysis of the literature on "the end of work", see Esping-Andersen 1996, 191-206.

<sup>64</sup> *Ibid.*, 193ff. See also Esping-Andersen 2003.

basis of the increased demand for services can be found in the family, which has undergone a transformation whose social and economic reach is, as Esping-Andersen notes, not yet clearly understood: “For decades,” Esping-Andersen says, “the family – both as social institution and as decision maker – was largely assumed away ... our grandfathers were male breadwinners [and] our grandmothers most likely housewives ... very few children today grow up in this kind of family.”<sup>65</sup>

The family “assumed away” in effect was as much the basis of society as the basis of the welfare state. In fact, the welfare state was established according to a specific view of the family, where a male head supported his family. If we put aside any private, personal or domestic problems, such a kind of welfare state may offer quite good protection against the risks faced by workers in the market. The worker does not have old parents to assist, nor children to pick up from school or needing assistance. All these kinds of troubles, in fact, were handled by his wife, who was not even counted within the workforce.<sup>66</sup> As long as the family had remained the primary safety net, a demand for services did not emerge. Activities such as raising children, cleaning the home, assisting old parents, and coping with the infinite number of problems people can incur in their lives, simply do not amount to working. The situation changes drastically when women are no longer willing (and able) to play that role. In this case, not only must we double the working force, but we have both a demand for services and a new kind of worker. The ways in which different societies have reacted (or not) to the emergence of such a demand for services explain differences and similarities in employment

<sup>65</sup> *Ibid.*, 12.

<sup>66</sup> This point is strongly connected with feminist theory in general, and with the feminist analysis of the welfare state, even though my focus is different. See Okin 1991; Robeyns 2012.

rates despite very different welfare expenditures, ultimately depending on their different welfare states. In fact, the U.S. and Sweden both provide an answer to the demand, offering services and lowering unemployment, but given their very different welfare states, it is unsurprising that they do this in very different ways. As Scharpf notes, services are offered by the state in Sweden and by the market in the U.S.<sup>67</sup>

Interestingly, this difference does not make a difference at the top level of job offers. For while the biggest welfare states make available a large number of qualified and well-paid jobs in the public system, in the market-conforming American welfare state, such jobs are offered in the private and sheltered sectors of insurance, the health system, and education. On the other side, the difference becomes significant in the lower part of the job market. Here too, in fact, the U.S. performs very well in offering jobs, but these are low-productive jobs for unskilled people, and whose availability depends on low pay and a very flexible labor market. The outcome is the plight of the working poor.<sup>68</sup> In countries with high welfare expenditures, much fewer of these jobs are available. What thus explains their good employment rates is the dimension of the public sector, offering together with high-quality jobs a number of decent jobs for unskilled workers, as emphasized by Scharpf. This also explains why the countries that fare poorly are those with rigid labor markets and medium-sized welfare states, like France and Italy, as well as according to Scharpf, Germany.<sup>69</sup> However, the dimension of the public sector does not only consist in regarding the state as employer of last resort. On the contrary, as Esping-Andersen clarifies, the services offered by Scandinavian

<sup>67</sup> Scharpf 2001, 276.

<sup>68</sup> Actually, according to Esping-Andersen 1996, 207, “[t]he United States has the least professionalized post-industrial economy.”

<sup>69</sup> Scharpf 2001, 278.

welfare states represent an adaptation to the increasing uncertainty determined by changes in the family, by the mass entry of women into the labor market, and by the new flexibility characterizing de-industrialization. Especially for non-qualified workers, the large offer of services marks a shift from warranting a lifelong workplace to protecting workers from increasing uncertainty, for while deindustrialization does not engender a loss of work, it produces a great deal of flexibility. This requires forms of protection that extend throughout life, from “training, retraining, or employment promotion programs” as soon as our competences become obsolete, to the services that the family can no longer provide.<sup>70</sup>

By turning to POD, the point I want to raise is that we might imagine that people granted the *ex ante* redistribution of wealth and property, may deal with such uncertainties on their own. They can buy services and training on the market, paying a fair price and avoiding the fragmentation of the labor market in a protected core and a semi-exploited periphery. However, there are reasons to be skeptical of the private sector capacity to deliver such services. An individual would find it hard to collect the information needed to make choices on the market on how to reinvent him- or herself, with failure immediately resulting in the re-emergence of a residual welfare state. More broadly, the problem that long-life uncertainty raises seems to me theoretical rather than practical. For the new uncertainties of the market seem to require goods and services that cannot be described as background conditions of justice. We are no longer in the position to equip people, *ex ante*, with all that they need to choose and pursue a plan of life, to then let them “manage their own affairs.” As uncertainty becomes pervasive and the family no longer represents a safety net, managing our own affairs may become a very risky business, making the welfare state and its long-lasting commitment to individual protection the only viable

<sup>70</sup> Esping-Andersen 2003, 80.

choice. In this sense, POD appears to me as an old-fashioned idea, inextricably embedded in the golden era of industrialism.

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