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# The tense and complex relationship between liberalism and the welfare state

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## **introduction**

The conventional view of the relationship between liberal egalitarianism and the welfare state has for long been that liberalism supports and justifies the modern welfare state. So strong has this relationship been, that some have called liberal theories such as John Rawls and Ronald Dworkin's 'welfare state liberalism' (Sterba: 1988). However, in his later works Rawls argued that he regretted not distinguishing clearly between the welfare state and a property-owning democracy (1999 and 2001). According to Rawls, a property-owning democracy is in line with his theory of justice, whereas the welfare state is not. Rawls' dissociation is surprising, considering that it has been taken for granted that liberalism justifies the modern welfare state.

In this paper I analyse the relationship between the welfare state and liberalism and their different approaches to distributive justice. I will discuss four dimensions of the relationship between liberalism and the welfare state: social equality/equal citizenship, equality of opportunity, mutual advantage and methods of redistribution. These four dimensions are chosen because they are central to both liberal-

ism and the welfare state. When using the term liberalism, what I have in mind is the kind of liberal egalitarianism represented by Rawls and his followers. By the term welfare state I primarily mean the theories justifying a welfare state and not the actual practices and politics of a welfare state, although I will at some points refer to such practices and policies. My main aim is to investigate whether liberal egalitarianism justifies the welfare state or not. My analysis will show that the relationship between liberal egalitarianism is more complex and intertwined than what the conventional view has assumed until now.

I start this paper with examining some of the ideas behind the modern welfare state. In the second section of the paper I compare these ideas with the central building blocks of Rawls' liberal egalitarianism. I show that some of the ideas underlying the welfare state are less egalitarian than the ideas underlying liberalism. Despite relying on different accounts of equality, both liberalism and welfare state theory rely on mutual advantage thinking in their theories. In the third section I explore the shared reliance on mutual advantage in welfare state theory and liberalism. In the final section I discuss the four dimensions just mentioned systematically and the implications of the arguments discussed in this paper.

## **I. The Ideas behind the Welfare State**

This section analyses three central ideas underlying the welfare state. These are social equality/equal citizenship, *ex post* redistribution and mutual advantage. (I discuss equal opportunity in the next section.) My aim is not to provide a full account of all of the ideals underlying the welfare state, but instead to offer a discussion that can facilitate a comparison between the welfare state and liberal egalitarianism in the next section.

I start with social equality and equal civil rights. Definitions of the welfare state often emphasise that the welfare state is a response to the social and economic inequalities caused by industrial capitalism, in which the state takes responsibility for ensuring that no citizen's

standard of living falls below a certain threshold<sup>1</sup>. Reversing such inequalities has been foundational to the welfare state since the first writings on the modern welfare state were published<sup>2</sup>.

Of these early writings on the welfare state, T.H. Marshall's writings occupy a special role. His writings contain some of the clearest expressions of why a welfare state is required and are still influential among contemporary welfare-state theorists<sup>3</sup>. Crucial for Marshall's account is that 'there is a kind of basic human equality associated with the concept of full membership of a community—or, as I should say, of citizenship which is not inconsistent with the inequalities which distinguish the various economic levels in the society'<sup>4</sup>. More controversially, Marshall also tied welfare rights to participation in productive labour. This move was legitimated because 'your body is part of the national capital, and must be looked after, and sickness causes a loss of national income'<sup>5</sup>. Welfare rights, according to Marshall's account, are thus necessary to sustain and increase national capital. Economic growth is also necessary to create welfare in the first place because 'national wealth is the material source of national welfare,' as Marshall notes<sup>6</sup>. These views may sound alien to contemporary readers. However, contemporary welfare theorists continue to emphasise the national context as the

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<sup>1</sup> *Democracy and the Welfare State*, ed. A. Gutmann, Princeton University Press 1986, p. 3.

<sup>2</sup> W. Beveridge, *Social Insurance and Allied Services*, H.M.S.O, London 1942; R.H. Tawney, *Equality*, George Allen & Unwin, London 1951 [1931] and R. Titmuss *Essays on "The Welfare State"*, George Allen & Unwin, London 1976.

<sup>3</sup> For contemporary discussions of Marshall see: R. Goodin, *Reasons for Welfare*, Princeton NJ 1988; G. Esping-Andersen, *The three Worlds of Welfare Capitalism*, Cambridge UK 1990 and R. Goodin et al., *The Real Worlds of Welfare Capitalism*, NY 1999; J. Klausen, A. Wolfe *Identity Politics and the Welfare State*, „Social Philosophy and Policy” 1997, 14 (2), pp. 231–55 and W. Kymlicka, *Contemporary Political Philosophy – An Introduction*, Oxford 2002. Will Kymlicka's account will be discussed in more detail in section three of this paper.

<sup>4</sup> T.H. Marshall, *Citizenship and Social Class*, Pluto Press, London 1992, p. 6.

<sup>5</sup> T.H. Marshall, *The Right to Welfare and other Essays*, London 1981, p. 91.

<sup>6</sup> *Ibidem*, p. 93.

framework for distributive justice and maintain that workers pay for the welfare state<sup>7</sup>.

We see that for Marshall, achieving social equality and equal civil rights constitute the fundamental aims of the welfare state. However, this notion of social equality is compatible with (potentially large) economic inequalities. Hence, Marshall's notion of social equality is not strictly egalitarian. Furthermore, participation in productive labour is a necessary condition for awarding equal social status and welfare rights. Because Marshall accepted wide economic inequalities, welfare rights had to be realised through *ex post* redistribution.

A good example of the important role *ex post* redistribution enjoys in welfare state theory is found in Robert E. Goodin's political theory of the welfare state<sup>8</sup>. Goodin argues that a welfare state is justified because it prevents strong parties from exploiting weak parties. That is because 'those who depend upon particular others for satisfaction of their basic needs are rendered, by that dependency, susceptible to exploitation by those upon whom they depend. It is the risk of exploitation of such dependencies that justifies public provision—and public provision of a distinctively welfare state form—for those basic needs'<sup>9</sup>. Importantly, exploitation and dependence justifies the provision of citizens' 'basic needs,' and Goodin maintains that such a justification also provides grounds for a minimum welfare state<sup>10</sup>. Schematically, this process can be described in the following way:

(1) *The welfare state intervenes (a) in a market economy (b) to meet certain of people's needs (c) through relatively direct means.*

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<sup>7</sup> See D. Miller *Principles of Social Justice*, Massachusetts 1999 and S. Ringen, *What Democracy is For*, Princeton University Press 2007. David Miller is not a traditional social-democratic welfare-state theorist such as Marshall; nevertheless, he emphasises the nation state.

<sup>8</sup> Although Goodin is critical of Marshall's justification of the welfare state, he shares Marshall's view that *ex post* redistribution is the preferred strategy for rectifying inequalities. Goodin's criticism of Marshall does not have any consequences for the analysis in this paper.

<sup>9</sup> R.E. Goodin, *Reasons for Welfare*, Princeton NJ 1988, p. 121.

<sup>10</sup> *Ibidem*, p. 368.

(2) *The welfare state is a system of compulsory, collective, and largely nondiscretionary welfare provisions.*<sup>11</sup>

To avoid exploitation and dependence, redistribution is required from those with more bargaining power to those with less. Redistribution takes place after inequalities in bargaining power have occurred as a manner of levelling the playing field; it is therefore *ex post*. If an alternative economic system—and a deeper reform of society—were the aim, then the *ex ante* distribution of society's resources would be an available option. However, because the welfare state mainly aims to intervene in the market economy, *ex post* redistribution becomes a dominant strategy for redistributing society's resources.

The third idea I will discuss is how the welfare state mutually benefits the politically effective groups in society<sup>12</sup>. In the words of the historian Eric Hobsbawm, the development of the modern welfare state represented a balance that 'depended on a coordination between the growth of productivity and earnings which kept profits stable'<sup>13</sup>. Higher productivity gave rise to higher profits, which again gave rise to higher tax revenues. The higher tax revenues made it possible to fund the welfare state without crippling profits. Higher productivity boosted efficiency, and the institutions of the welfare state were instrumental in achieving efficiency by improving the living conditions of the working class, which ultimately improved their contribution to the economy.

The mutual advantage thesis gathers support by examining the broad coalitions that created the welfare state in the first place. While working-class mobilisation has traditionally been used to explain the development of the modern welfare state, Gøsta Esping-Andersen notes that 'the traditional working class has hardly ever constituted an electoral majority'<sup>14</sup>. Developing a welfare state required broad coalitions and political compromises to be viable. In

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<sup>11</sup> Ibidem, p. 11–12.

<sup>12</sup> This phrase is borrowed from Russell Hardin (1999).

<sup>13</sup> E. Hobsbawm, *The Age of Extremes*, London 1994, p. 284.

<sup>14</sup> G. Esping-Andersen, *The three Worlds of Welfare Capitalism*, Cambridge UK 1990, p. 30.



the Nordic countries, for example, red-green coalitions amalgamated the welfare state, while in Britain the consolidation of the welfare state 'came to depend fundamentally on the political alliances of the new middle class'<sup>15</sup>. Similar alliances developed across continental Europe, while in the USA, the middle classes 'were not wooed from the market to the state,' and the welfare state remained residual<sup>16</sup>. This perspective injects a new dimension of dynamism to the development of the welfare state and shows how its development was possible only with broad coalitions mutually benefiting the interests of a vast majority of voters.

The magnitude of the modern welfare state therefore lies in the way in which it serves the interests of a large proportion of the population. People are better off with the welfare state than without it. It also performs tasks not undertaken by the market or private philanthropy (i.e., universal free health care, housing benefits, child benefits). Thus, there is a demand for its services. This demand does not mean that support for the welfare state is unanimous, as the development has been gradual and has faced resistance from influential parts of the electorate. An important implication of the welfare state's mutual-advantage element is that mutual advantage turns social conflict away from confrontation and towards cooperation. The idea is no longer that social cooperation represents a zero-sum game wherein one's loss is another's gain, but that cooperation can increase productivity and 'the national capital'<sup>17</sup>. Thus, the result that follows is that the welfare state is surprisingly resilient and a relatively stable political institution, in part because it benefits large portions of the electorate.

Contrary to my argument here, Russell Hardin has argued that the welfare state (or welfare liberalism, as he labelled it) is not based on mutual advantage. His reasons are that the welfare state involves redistribution, which inevitably leads to conflict between

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<sup>15</sup> *Ibidem*, p. 31.

<sup>16</sup> *Ibidem*.

<sup>17</sup> This view may sound simplistic, as in contemporary societies marked by religious, ethnic and social diversity (among others), political and social conflicts are no longer associated solely with class struggles. I discuss this point in section three.

social classes<sup>18</sup>, and that welfare programs ‘are not likely to be mutually advantageous for the most politically important groups in liberal societies. They do not serve the interests of the middle class and the politically influential entrepreneurial class’<sup>19</sup>. I believe the broad coalitions identified by Esping-Andersen, which initially created the welfare state, undermine the force of Hardin’s argument concerning the middle class, at least in Europe. Whether the entrepreneurial class supports the welfare state is more questionable. However, the entrepreneurial class does not have to be an eager supporter of the welfare state. As long as the welfare state is better than the alternative, the entrepreneurial class has a reason to accept the welfare state. Redistribution remains a source of conflict, and the redistributive aspect of the welfare state might be more important in theory than in practice. The worst off in society tend not to be the most politically effective groups, and a much-debated issue in welfare-state theory is how the middle class in many cases tends to benefit the most from the welfare state<sup>20</sup>. Therefore, despite the potential for conflict, it is possible to claim that the welfare state benefits the politically effective groups in society.

To summarise this section, we see that the welfare state emphasises social equality rather than economic equality. Equal civil rights are tied to participation to productive labour. Following this emphasis the welfare state is content with reversing some of the gravest inequalities caused by industrial capitalism through *ex post* redistribution. Redistribution must be mutually advantageous to the most politically effective groups in society to stand any chance of being implemented. Whether the welfare state thus understood can be associated with liberal egalitarianism is discussed in more detail in the next section.

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<sup>18</sup> R. Hardin, *Liberalism, Constitutionalism, and Democracy*, Oxford University Press 1999, p. 326

<sup>19</sup> *Ibidem*, p. 330.

<sup>20</sup> R.E. Goodin, B. Heady, R. Muffels, H.J. Dirven, *The Real Worlds of Welfare Capitalism*, NY 1999.

## II. The Liberal Dissociation from the Welfare State: The Case of Rawls

In this section, I compare Rawls' theory of justice with the three ideas discussed above. In his later works, Rawls himself attempted to dissociate his theory from the welfare state because the welfare state emphasised *ex post* redistributive schemes and allowed for potentially large economic inequalities<sup>21</sup>. However, my comparison will show that one of Rawls' principles of justice—the difference principle—resembles to some extent the thinking underlying the welfare state and, I argue, makes it harder for Rawls to dissociate his theory from the welfare state.

Welfare-state theory is committed to social equality understood as equal civil rights. The first of the two principles of justice in Rawls' theory share the concern for the importance of equal civil rights and states that 'each person is to have an equal right to the most extensive total system of equal basic liberties compatible with a similar system of liberty for all'<sup>22</sup>. However, Rawls notes that relying solely on equal citizenship rights is dissatisfying in a modern constitutional democracy. A fault found with modern democracies has been that wealthy and influential citizens and groups of citizens have exercised a disproportionately strong influence on democratic decision-making<sup>23</sup>. To remedy this flaw, Rawls' liberal egalitarianism aspires to extend beyond mere social equality and equal citizenship rights, which dominates welfare-state theory.

For liberal egalitarianism, the welfare state's notion of social equality is a necessary but insufficient condition to create justice. Social equality, according to Rawls, must be supported by some kind of economic equality to fulfil what justice requires. The second principle of justice addresses economic equality and states that 'social and economic inequalities are to be arranged so that they are both:

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<sup>21</sup> J. Rawls, *A Theory of Justice*, Oxford 1999, p. 14–15. See also: J. Rawls, *Justice as Fairness – A Restatement*, ed. E. Kelly, Belknap 2001, for a discussion of the relationship between welfare-state capitalism and his theory of justice.

<sup>22</sup> J. Rawls, *A Theory...*, p. 266.

<sup>23</sup> *Ibidem*, p. 15.



(a) to the greatest benefit of the least advantaged, consistent with the just savings principle, and (b) attached to offices and positions open to all under conditions of fair equality of opportunity<sup>24</sup>. The second principle implies that Rawlsian liberalism permits economic inequalities but only if they promote the interests of society's worst off and maintain equal opportunities. This argument suggests a more egalitarian conception of equality than what is found in welfare-state theory. To determine whether Rawls' theory actually is more egalitarian, it is necessary to analyse what (a) and (b) entail. I will begin by discussing (b), the fair equality of opportunity, before discussing (a), the difference principle.

The idea of fair equality of opportunity in Rawls' theory states that from a moral point of view, natural talents, abilities and social circumstances are arbitrary. This argument leads Rawls to suggest that social class should not impair a person's opportunity to rise in society. Rawls therefore held that to realise equal opportunity, the basic structure of society should ensure that 'those who are at the same level of talent and ability, and have the same willingness to use them, should have the same prospects of success regardless of their initial place in the social system, that is, irrespective of the income class into which they are born'<sup>25</sup>. Such compensation surpasses the notion of mere social equality and a minimum welfare state, instead requiring some form of economic equality to equalise opportunities. Social equality as understood in welfare-state theory is not sufficiently egalitarian to satisfy this aspect of Rawlsian liberalism, and Rawls seems correct in wanting to dissociate his theory from the welfare state.

Furthermore, the welfare state is not only less egalitarian than liberal justice but also relies on a different strategy for redistribution. The welfare state is committed to *ex post* redistribution because the aim is to intervene and redress current inequalities. Therefore, Rawls is correct in observing that the welfare state 'may allow large and inheritable inequities of wealth incompatible with the fair value

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<sup>24</sup> Ibidem, p. 266.

<sup>25</sup> Ibidem, p. 73

of the political liberties'<sup>26</sup>. Rawls' preferred alternative to the welfare state is a property-owning democracy, which emphasises *ex ante* redistribution such as 'the steady dispersal over time of the ownership of capital and resources by the laws of inheritance and bequest'.<sup>27</sup> The main difference between these two methods of redistribution is that the welfare state requires existing inequalities to be rectified, while Rawlsian justice requires that those inequalities do not emerge in the first place. In this respect, Rawlsian justice becomes less dependent on a specific economic system such as capitalism.

I now move to the difference principle (the first part (a) of the second principle of justice). The difference principle permits inequalities that make the most disadvantaged group better off than it would be with strict equality. We will see that this principle is more difficult to distinguish from the welfare state because the similarity between the difference principle and the welfare state is more profound than in the case just discussed. The problem with the difference principle is that it agrees with the mutual-advantage reasoning underlying the welfare state. The rationale behind this principle is that inequalities may be mutually advantageous both for the least advantaged and for the most advantaged because 'society is interpreted as a cooperative venture for mutual advantage'<sup>28</sup>. Inequalities provide the least advantaged with more social primary goods—income, wealth, influential positions and self-esteem—than strict equality, while the most advantaged group keeps a larger share of its contribution to social cooperation<sup>29</sup>. Hence, social cooperation is mutually advantageous for both the least advantaged and most advantaged. Offering greater rewards to the most productive members of society promotes

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<sup>26</sup> Ibidem, p. 15.

<sup>27</sup> Ibidem. (Rawls leaves open whether his theory's principles are best achieved through a property-owning democracy or a liberal socialist regime. However, Rawls simultaneously states that the difference principle ought to be considered in light of a property-owning democracy to comprehend the full force of this principle. Furthermore, in ch. 5 of *A Theory of Justice*, in which the institutions of the basic structure are discussed, the emphasis is on a property-owning democracy rather than other economic systems.)

<sup>28</sup> Ibidem, p. 73–74.

<sup>29</sup> Ibidem, p. 78–81.

innovation and the efficient use of human and economic resources. The result that follows is that social cooperation 'is no longer a matter of shuffling about a fixed stock of goods'<sup>30</sup>. When the total amount of resources in society increases, a wealthier society results<sup>31</sup>.

In the previous section, I noted Marshall's focus on increasing national capital as the source of material welfare. He also emphasised that citizens' bodies were part of the national capital. The difference principle agrees with this line of thinking. Rawls expresses the same ideas when he considers society to be 'a cooperative venture for mutual advantage' and that society's resources are not 'a fixed stock of goods', ideas that bear a resemblance to Marshall's view. Rawls also agrees with Marshall that citizens' bodies are part of the national capital, as Rawls sees 'the distribution of natural talents as in some respects a common asset'<sup>32</sup>. We see from this comparison that mutual advantage constitutes an important rationale for redistribution both in the welfare state and in the difference principle. Mutual advantage pushes Rawls closer to the welfare state and away from the egalitarianism of the first principle and fair equal opportunity<sup>33</sup>.

The comparison between welfare state theory and liberalism along the four dimensions identified in the Introduction can be summarised in the following way. Regarding the similarities between the welfare state and liberal egalitarianism, we have seen that both share a concern for social equality and equal citizenship rights. A difference is that liberal egalitarianism requires not only social equality but also some type of economic equality to ensure equality of opportunity regardless of one's social background. In addition, Rawls presuppose *ex ante* redistribution rather than *ex post* redistri-

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<sup>30</sup> Ibidem, p. 66.

<sup>31</sup> The difference principle does not require economic growth *per se*, but Rawls can be interpreted to say that all else being equal, a state with economic growth is superior to a situation with negative contributions from those who are better off (J. Rawls, *A Theory...*, p. 68). See also: J. Rawls, *Justice as Fairness – A Restatement*, ed. E. Kelly, Belknap 2001 and S. Freeman, *Rawls*, London 2007 – for a discussion of the relationship between the difference principle and economic growth.

<sup>32</sup> J. Rawls, *A Theory...*, p. 87.

<sup>33</sup> See: B. Brian, *Theories of Justice*, California 1989, (ch. 6 for an illuminating discussion of the mutual-advantage aspect of the difference principle).

bution. Finally, we saw that the difference principle relies on mutual advantage. The mutual-advantage aspect of the difference principle pushes Rawls' theory in the direction of the welfare state. A dilemma for liberal egalitarians is that the mutual advantage thesis may justify schemes that run counter to the egalitarianism of the first principle and equality of opportunity. The next section explores this dilemma in more detail.

### III. Liberalism, Welfare and Universal Citizenship

I will discuss the implications of the dilemma identified in the previous section by connecting the criticism of universal citizenship with the ideals promoted by the difference principle and the welfare state. This approach will exemplify how the welfare state and liberal egalitarianism promote some of the same ideals and policies. I argue that these policies run counter to the egalitarian commitment of liberalism and make it more difficult to dissociate liberalism from the welfare state.

Both the welfare state and Rawls' liberalism rely on an ideal of universal citizenship. Multicultural critics have criticised the notion of universal citizenship because they consider this ideal to be insensitive to the interests of various minority groups. Will Kymlicka's criticism is well known, and his critique exemplifies why a complete dissociation from the welfare state is difficult for liberal egalitarians. Kymlicka focuses on problems concerning a shared cultural heritage. He identifies T.H. Marshall as the intellectual originator of the traditional view of universal citizenship<sup>34</sup>.

The reason for criticising this ideal of universal citizenship is that many members of these groups [blacks, women, indigenous peoples, ethnic and religious minorities, gays and lesbians] feel marginalized, not (or not only) because of their socio-economic status, but also because of their socio-cultural identity—their difference.... They

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<sup>34</sup> W. Kymlicka, *Contemporary Political Philosophy – An Introduction*, Oxford 2002, p. 328



demand these group-specific forms of citizenship either because they reject the very idea that there should be a single common national culture or because they think that the best way to include people in such a common culture is through differentiated citizenship rights<sup>35</sup>.

According to Kymlicka, the traditional view of citizenship should be rejected because it leads to a notion of social equality where a majority group enjoys a dominant role and possibly alienates and marginalises the minority groups.

The crucial point here is not the case for group-specific rights in itself. Rather, it is that the difference principle could allow for the inequalities permitted by Marshall's notion of citizenship and criticised by Kymlicka. This outcome emerges if the most-disadvantaged group is better off with these inequalities than without (and there was no violation of first principle rights or the principle of fair equality of opportunity). For example, one could argue that economic arrangements more accommodating to able-bodied males would improve the wellbeing of the most-disadvantaged group because this arrangement would increase the society's productivity and efficiency. Women, old people, and (possibly) ethnic minorities would benefit from these inequalities because they would receive more social primary goods than without the inequalities. A slightly different way of making the same point is as follows: because the difference principle allows economic inequalities—because the least-advantaged group benefits from them—such inequalities might favour white, middle-aged, middle-class and able-bodied persons, as they are the most productive in a market economy. Providing this group with advantages and incentives that enables it to contribute to economic growth that can be redistributed is in line with the difference principle because the worst-off group becomes better off by implementing such schemes.

These implications are acknowledged by some of the interpretations of the difference principle. Philippe van Parijs, for example, asserts that the difference principle: must not shy away from resolutely designing institutions that foster an ethos of solidarity, of

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<sup>35</sup> *Ibidem*, p. 329–330.



work, indeed of patriotism—not of course because of the intrinsic goodness of a life inspired by such an ethos but because of its crucial instrumental value in the service of boosting the lifelong prospects of the incumbents of society's worst position<sup>36</sup>.

This account of the difference principle is reminiscent of Marshall. The result of fostering such an ethos is precisely the promotion of what Kymlicka criticises above and also what makes it difficult for liberal egalitarians to dissociate from the welfare state. Although such an ethos makes dissociation from the welfare state more difficult, the implications are not entirely negative. After all, encouraging participation in productive labour benefits the participant with many advantages, such as access to an improved standard of living. However, I take it that Kymlicka's point is that promotion of a national culture and the strong emphasis on participation in productive labour may stifle groups with weak ties to the labour market, especially if the ideals are too closely attached to social equality or promote a certain national culture as superior to others.

Because the difference principle justifies social and cultural inequalities if they make the worst-off group better off, it becomes difficult for Rawls to rule out such practices as unjust in principle<sup>37</sup>. Rawls' theory contains overtones of the economic reasoning that Marshall expresses, but it also forwards an egalitarian ideal of equal opportunity. Marshall on one side and Kymlicka on the other express these two different modes of thinking that are present within Rawls' work. As elements in Rawls' theory are associated with both of these very different ideals, his theory produces a difficult tension. As a result, he may wish to dissociate from the welfare state, but distancing may be difficult because of the similarity between the difference principle and the welfare state<sup>38</sup>.

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<sup>36</sup> P. Parijs, *Difference Principles*, [in:] *The Cambridge Companion to Rawls*, ed. S. Freeman, ch. 5, Cambridge 2003, p. 231.

<sup>37</sup> Rawls might reply that such inequalities would violate the equality-of-opportunity principle. If that is the case, then the scope for the difference principle seems very limited, and it is not clear what role it plays in Rawls' theory.

<sup>38</sup> The incentives discussed in relation to the application of the difference principle have tended to be purely economic, such as higher wages. However, the incen-

I will now move on to discuss an objection to my argument in this paper. The objection takes issue with my portrayal of the welfare state as in opposition to multiculturalism. The confrontation between Marshall and multiculturalism indicated that there is a trade-off between the welfare state's emphasis on redistribution and multiculturalism's emphasis on recognition of difference. Recent empirical research denies that such a trade-off exists<sup>39</sup>. The general trend in Western democracies is that multicultural policies are maintained and that the welfare state still enjoys widespread support<sup>40</sup>. Hence, my presentation of the welfare state as focused on productivity and a single national identity misrepresents the modern welfare state.

David Miller frames the problem I have discussed in this paper 'as a tension between two parts of the liberal ideal of equality. On the one hand, modern liberals are committed to the idea of equal citizenship... On the other hand ... liberals are also committed to equal treatment of citizens *qua* members of cultural groups'<sup>41</sup>. Framing the problem thus is similar to the tension discussed above: Rawlsian liberalism embodies elements of both the notions of equality discussed here. The question is whether this tension is valid or not.

When examining this problem, Miller argues that there is 'no reason to believe that adopting multicultural policies will lead imminently to the collapse of the welfare state'<sup>42</sup>. He nevertheless warns

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tives could equally well be of a more "cultural" character, such as those discussed in this section. According to Freeman (*The Cambridge Companion to Rawls*, ed. S. Freeman, NY 2003, p. 112–113). Rawls 'says a society is not required to maximize the expectations of the least advantaged "measured in terms of income and wealth"... but also their opportunities for powers and positions of office, non-basic rights and liberties, and the institutional bases of self-respect'. Therefore, "cultural" incentives can be invoked to enhance self-respect and opportunities for the most-disadvantaged members of society.

<sup>39</sup> *Multiculturalism and the Welfare State – Recognition and Redistribution in contemporary Democracies*, eds. K. Banting, W. Kymlicka, NY 2006.

<sup>40</sup> *Ibidem*.

<sup>41</sup> D. Miller, *Multiculturalism and the Welfare State: Theoretical Reflections*, [in:] eds. K. Banting, W. Kymlicka, *Multiculturalism...*, ch. 12, p. 323.

<sup>42</sup> *Ibidem*, s. 338.

that ‘there is still a big question about how to maintain democratic support for redistributive policies...so that citizens can respect one another’s differences but still think of themselves as belonging to the same community with a responsibility to ensure equal rights for all’<sup>43</sup>. Miller here sees a tension between the two types of equality discussed in this section, but he downplays the significance of the tension. This judgement seems reasonable, and my intention has not been to exaggerate the tension. Rather, I wish to merely use it to note that Rawls’ theory is closer to welfare-state theory than previously assumed. In that sense, the tension exists, and my use of it cannot be said to misrepresent the welfare state.

#### IV. Analysing Liberalism and the Welfare State

Below Table 1 summarises the findings so far. Of the four dimensions discussed in this paper liberalism and welfare state theory share the same notion of social equality and universal citizenship and rely on mutual advantage. Liberalism and welfare state theory rely on different means of redistribution and have different views on equality of opportunity. In the rest of this paper I will analyse these four dimensions in more detail.

**Table 1.** The relationship between liberalism and the welfare state

	<b>Social equality/equal citizenship</b>	<b>Mutual advantage</b>	<b><i>Ex ante</i> redistribution</b>	<b>Equality of opportunity</b>
Welfare state	Yes	Yes	No	No
Liberalism	Yes	Yes	Yes	Yes

Source: own study.

Most liberals and welfare state theorists agree on the importance of social equality and equal citizenship rights. We have seen in this

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<sup>43</sup> Ibidem.

paper that some of Rawls' formulations resemble the thinking we find in Marshall. At the same time it seems that Rawls' basis for awarding civil and political rights is unconditional. The formulations resembling Marshall's creep in when Rawls discusses the difference principle and mutual advantage. Even if Rawls awards equal citizenship regardless of participation in productive labour, I believe that liberalism and welfare state theory seem to be closer to agreement than disagreement concerning social equality and equal citizenship rights. I reach this view because liberal egalitarianism and welfare state theory share the same concern for social equality. This shared concern also yields some of the same implications such as emphasising productivity. That does not mean that the match between liberal egalitarianism and the welfare state concerning social equality is perfect, but close enough to conclude that they agree more than they disagree.

When it comes to mutual advantage I believe one can draw the same conclusion as regarding social equality and equal citizenship rights. From Hobbes and onwards, mutual advantage has been an important strain of thought in liberal theory. Mutual advantage is neatly incorporated into the difference principle, and in relying on mutual advantage Rawls taps into a rich liberal tradition. Mutual advantage is important in both theory and practice for the welfare state. Marshall argued about how welfare rights advanced the national interest in his theoretical justification of the welfare state. Esping-Andersen carefully pointed out how the welfare state was only politically possible because an electoral majority found mutual advantage in establishing a welfare state. I therefore think that the shared reliance on mutual advantage is one dimension that brings liberalism and the welfare state closer together. The example of how the difference principle may support the same policies as the welfare state underline this view.

*Ex ante* and *ex post* redistribution constitute one issue where liberalism and welfare state theory stand far apart. One of the most important defining features of the welfare state is the reliance on *ex post* redistribution. The aim is to rectify already established inequalities. Liberal egalitarianism in contrast emphasise *ex ante*



distribution in order to avoid that unjust inequalities will develop over time. Permitted inequalities are, for example, those permitted by the difference principle, which aims to improve the situation of the least advantaged. The distinction between *ex ante* and *ex post* redistribution is one of the clearest differences between liberalism and welfare state theory. It seriously undermines the conventional view that liberalism justifies the welfare state.

Regarding equality of opportunity the same conclusion is plausible. A defining feature of the welfare state is that the welfare state, both in Marshall and Goodin's view, is concerned with rectifying the negative side effects of a free capitalistic market economy. Equality of opportunity plays no important role in Marshall and Goodin's theories. For Marshall the important issue is that social equality is compatible with economic inequalities, which undeniably will lead to unequal access to status, power and material well-being. Goodin advocates what he calls a minimum welfare state, which aims to eliminate exploitation of workers and other weak parties. Avoiding exploitation is far from equal opportunity, so it seems safe to argue that welfare state theory is mainly concerned with rectifying negative side effects of capitalism and to establish a minimum welfare state in order to avoid exploitation. Rawls clearly pointed out that social background and economic inequalities should not affect the possibility for a person to rise in society and to acquire high positions. Hence he committed himself to an egalitarian understanding of equality of opportunity. Liberalism and welfare state theory, therefore, have significantly different views regarding equality of opportunity. Liberalism promotes equality of opportunity, while equality of opportunity plays no important role in welfare state theory.

Based on this discussion, how should we answer the question posed in the Introduction as to whether liberalism justifies the welfare state or not? I believe the answer is that liberal egalitarianism cannot justify the idea of a welfare state, but at the same time liberal egalitarianism cannot avoid the policies of the welfare state completely. The truth is that the relationship between liberalism and the welfare state is far more complex and intertwined than what the conventional view assumes. The complexity also undermines



Rawls' dissociation from the welfare state. In the rest of this section, I will explain why liberalism cannot justify the welfare state while it cannot completely avoid the policies of the welfare state either.

Liberal egalitarianism cannot justify the welfare state because these two approaches have highly different objectives. *Ex ante* and *ex post* redistributions are not only two different methods of redistribution, but also point toward a deeper difference. Liberal egalitarianism aims for a society where inequalities will not arise, while the idea of a welfare state is to reduce the inequalities that may arise from a free market economy. *Ex ante* and *ex post* redistribution are different methods in order to achieve the different aims of these two approaches. Different aims can also be seen in the egalitarian interpretation of equal opportunity in liberal egalitarianism, while this ideal is lacking in welfare state theory.

These two differences between liberal egalitarianism and welfare state theory imply that liberal egalitarianism cannot justify the idea of a welfare state. Still, liberalism cannot reject the policies of welfare state theory, as the combination of mutual advantage and universal citizenship resemble some of the thinking that underlies welfare state theory. The relationship between liberal egalitarianism and welfare state theory operates on two levels. At the theoretical level, liberal theory cannot justify the idea of a welfare state, but at the policy level, liberal egalitarianism is committed to support some welfare state policies.

We can see by now how tense and complex the relationship between liberalism and the welfare state is. On the one hand, liberal egalitarianism rejects the idea of a welfare state, while on the other hand, it cannot avoid some of the policies of the welfare state. The analysis also shows that there is a tension within liberalism between the egalitarian ideals and the policies justified by the notion of universal citizenship and reliance on mutual advantage.

Liberal egalitarianism advances a set of moral and political ideals, but I believe it is doubtful whether liberalism can justify a political program such as the welfare state. Liberalism is simply too abstract to justify such a political program. The welfare state is the result of political bargaining between the main political groups in society,

while liberalism is the result of philosophising over political rights and obligations in a modern society. There is no need to criticise neither welfare state thinking (or practices) for not being egalitarian enough, as they were never intended to provide an egalitarian set of political institutions, nor to criticise liberalism for not justifying a set of political institutions, as liberalism was never intended to provide a political program of this kind in the first place.

Liberal egalitarianism is committed to a set of moral and political ideals, such as equal civil and political rights and equality of opportunity. Liberal egalitarianism is not committed to a specific set of institutions or policies to realise these ideals, although some policies necessarily will be closer to realising these ideals than others. The main point here is that liberal egalitarianism leaves a lot of discretion to the realm of politics to realise liberal ideals of justice. Social and historical contingencies will influence what kind of policies and institutions that will be set up in a given society to realise equal citizenship rights and equality of opportunity. The idea of a welfare state goes some way in realising liberal justice, but the match is uneven and far from perfect, as I have argued in this paper.

Rawls presents the ideal of a property-owning democracy as an ideal set of political institutions that will realise liberal ideals of justice. I will argue that Rawls' liberal egalitarianism does not require a property-owning democracy, but that a property-owning democracy is one of several possible schemes in line with liberal egalitarianism. A property-owning democracy may realise the two principles of justice and as such be justified by liberal egalitarianism. However, alternative policies, political institutions and schemes may also be justifiable. Recently, several new institutional schemes that go beyond the welfare state have been proposed. Some examples are the egalitarian planner<sup>44</sup>, stakeholder's society<sup>45</sup> and basic universal income<sup>46</sup>. The main point here is not the details of these proposals, but to show that several alternative frameworks exist that

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<sup>44</sup> J. Roemer, *Egalitarian Strategies*, „Dissent” 1999, pp. 64–74.

<sup>45</sup> B. Ackermann, A. Alstott, *The Stakeholder Society*, NH 1999.

<sup>46</sup> P. Parijs, *Real Freedom for All: What (if Anything) Can Justify Capitalism*, Oxford University Press 1997.

may realise liberal ideals of justice. A property-owning democracy is just one of several alternatives. Which scheme that a society ends up implementing depends on a wide range of social and historical circumstances. In the end this is a job for politicians, and cannot be decided by philosophers.

Before ending this section I will briefly address one objection that can be levelled against my argument in this section. The objection states that the egalitarian socialdemocratic welfare state found in Northern Europe and Scandinavia has approximated an egalitarian society with equality of opportunity. Some research suggests that the social-democratic welfare state is efficient both in reducing poverty and in enhancing equality<sup>47</sup>. The social democratic welfare state is known for a narrow income distribution, low levels of poverty and extensive civil, political and social rights. These features indicate that the socialdemocratic welfare state comes close to satisfying the egalitarian ambitions of Rawls' theory. Thus, the welfare state and Rawls' theory not only agree on mutual advantage but also in terms of realising an egalitarian society. Consequently, the picture painted in this paper of a tense and ambiguous relationship between the welfare state and Rawlsian liberalism is misleading when comparing Rawls with the socialdemocratic welfare state.

I believe that the socialdemocratic welfare state is the welfarestate regime that comes closest to realising Rawlsian liberalism. That one welfarestate regime comes closer to realising Rawlsian liberalism does not undermine the main thesis of this paper, which is to analyse the relationship between the welfare state and liberal egalitarianism. Despite the success of the socialdemocratic welfare state, important differences still remain between this regime and Rawlsian liberalism. The social democratic welfare state aims to intervene in the capitalist economy: '[T]he goal is one of redistribution. For social democrats, the point and purpose of the welfare state, narrowly conceived, is to transfer resources—goods and services, and income and wealth more generally—from the richer to the poorer

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<sup>47</sup> *The Real Worlds of Welfare Capitalism*, eds. R. E. Goodin et al., NY 1999, S. Ringen, *What Democracy is For*, Princeton 2007.

members of society'<sup>48</sup>. This passage demonstrates how the welfare state emphasises *ex post* redistribution in contrast to *ex ante* redistribution in a property-owning democracy. For this reason, it is wrong to equate the welfare state and liberal egalitarianism. Similarities do exist between the welfare state and liberal egalitarianism, as discussed in this paper, but they are insufficient to equate the two.

We should stop seeing liberalism and the welfare state as two overlapping or converging approaches to distributive justice. The historical and theoretical differences are too great to justify such a reading of the theories. Both theories touch upon some of the same issues, but are too distant to be said to mutually support each other.

## V. Conclusions

The conventional view of an intimate relationship between liberalism and the welfare state cannot be sustained. Neither can liberal egalitarians like Rawls completely dissociate from the idea of a welfare state. Instead, my conclusion is that the relationship between liberalism is tense and complex. On some points (mode of redistribution and equality of opportunity) the relationship between liberalism and welfare state theory is tense. Concerning mutual advantage and social equality the relationship is more complex. Liberalism and welfare state thinking share some of the same ideas concerning these two points although differences remain. This conclusion has the following two implications: First, because Rawls' theory of justice cannot completely free itself from welfare state thinking, liberalism is not a suitable framework for egalitarians seeking a philosophical framework for strictly egalitarian ideals of justice. Egalitarians ought to move beyond Rawlsian justice and find the intellectual ammunition for their desired egalitarian justice elsewhere. Second, a thorough rethinking of the implications of liberal ideals of distributive justice is warranted, as it is unclear what actually follows from the liberal principles of Rawls's theory of justice. Rawls suggest

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<sup>48</sup> *The Real Worlds...*, p. 50.

that his theory can provide a fairly detailed description of the political institutions that satisfy his theory. More precisely, he suggests that a property-owning democracy satisfies liberal justice while the welfare state does not. In this paper I have argued that although it is doubtful whether the welfare state can satisfy liberal justice, it makes sense to think that there are several schemes that may do so.

### **Harald Borgebund**

#### **Napięcie i złożoność relacji między liberalizmem i państwem opiekuńczym**

Autor artykułu podjął się próby analizy hipotetycznie silnego związku między państwem opiekuńczym a liberalnym egalitaryzmem. Dowodzi, że związek ten nie może być trwały, ponieważ liberalny egalitaryzm pozostaje w napięciu z państwem opiekuńczym, jako że liberalizm opiera się na bardziej egalitarnym pojęciu równości, niż czyni to państwo opiekuńcze. Jednakże teoria sprawiedliwości Rawlsa – najbardziej wpływowa teoria liberalnego egalitaryzmu – i państwo opiekuńcze opierają się na tym samym rozumieniu uniwersalnego obywatelstwa i dzielą podobny pogląd na produktywność. Te podobieństwa przybliżają liberalizm do państwa opiekuńczego. W efekcie związek między liberalizmem i państwem opiekuńczym jest napięty i złożony. Podjęta analiza prowadzi więc do dwóch głównych konkluzji. Po pierwsze, liberalni egalitaryści powinni propagować bardziej egalitarne instytucje niż państwo dobrobytu, promować sprawiedliwość rozdzielczą. Po drugie, liberalni egalitaryści podchodząc poważnie do realizowania ich egalitarnego ideału sprawiedliwości, powinni wyjść poza model Rawlsa, jako że jego teoria jest trudna do całkowitego oddzielenia od państwa opiekuńczego.