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ON THE MORAL FOUNDATIONS OF THE WELFARE STATE

Three research programmes

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While discussing the ethical issues raised by present-day social policy and the restructuring of the welfare state, the authors of this book have been talking about the moral foundations of the welfare state in three distinct senses. I shall illustrate each of them with a number of examples mostly borrowed from the papers included in this collection or from the discussions that followed their oral presentation. Each example is cited (usually without any specific attribution, so as to spare qualifications) because it illustrates an interesting pattern of argument and/or a promising avenue of research, not necessarily because I am committed to its validity.

The moral requirements of the welfare state

The moral requirements of (one or other particular form of) the welfare state are those moral aspects of the motivation that underlies the private or political behaviour of the contributors and beneficiaries of the welfare state whose disappearance arguably jeopardizes the latter's sustainability. By "moral", I mean here those aspects of a person's motivation that do not reduce to his or her self-interest narrowly construed.

Take, first, honesty, the disposition to abide by the rules of the game, to abstain from cheating on either the tax or the benefit side, for example by hiding some of one's income. It is clearly a virtue whose widespread and active presence greatly helps the working of a welfare state. But it is being slowly eroded, some say, by such exogenous factors as the weakening of religion-based moral codes or the increasingly anonymous character of social life. It is also quickly being undermined, others say, as the endogenous outcome of the

following process. Our welfare states typically expect able-bodied claimants to be actively looking for work. But growing numbers of adults of working age have such poor skills (and skill-acquiring capacities) that there is only a very dim hope of their ever being able to get a job, as younger, more energetic and more adaptable applicants keep pouring into the labour market. Hence, they cannot realistically be expected to keep applying for jobs and constantly be on the lookout for work opportunities. Indeed, they grow indignant against a system that expects them, morally and legally, to keep looking for something they know they will never find, and they have therefore no compunction in "cheating the system" themselves by merely pretending to be job seekers. This in turn, once realized and publicized, can only feed the resentment of those who have to work hard in order to earn wages whose post-tax levels are reduced so as to fund the benefits of the jobless. The contributors grow indignant at a system that expects them to support crowds of cheaters and have no scruple either in "cheating the system" by evading taxation as much as they can. As a result of such processes, the working of the welfare state will be able to rely ever less on widespread honesty. The resources at its disposal will shrink, and the cost of collecting and allocating them efficiently will swell.

Secondly, take the complex formed by the work ethic ("work as hard and well as you can"), the thrift ethic ("save for your children and for your old days"), the health ethic ("do not take unnecessary risks nor unnecessary remedies") and the family ethic ("stick together and help you relatives"). As long as this complex is in place, the levels of provision to which people are entitled in case they happen to be destitute, sick, etc. can be quite generous without this making the system very costly, because people's work, saving, health and family behaviour remains essentially unaffected by the prospect of compensation. But as this complex gets eroded, whether again as a result of exogeneous forces or of the social security system itself, the latter becomes increasingly vulnerable to moral hazard: the explosion of claims – by people who are, but in the absence of social security provisions would not be, unemployed, single parents, overusers of medicines, abandoned old people, etc. – goes hand in hand with a reduction in the income available to honour these claims, itself generated by people who work and save less than they would do if no part of their incomes were used to finance the system.

Thirdly, let us turn from the moral motivation of individual behaviour to that of collective behaviour, and in particular to the political expression of

solidarity which has made the development of the welfare state possible. This politically expressed solidarity is today under pressure for two related but distinct reasons. One is the dwindling ethnic and cultural homogeneity of the population concerned, both as the result of immigration and (prospectively) as a result of the rising scale at which redistribution will have to operate in order to be economically sustainable. The second reason is the growing potential geographical mobility of individual members of each political society: there is bound to be a big difference between the feelings of solidarity among people "on the same boat" and among people who happen to be briefly gathered under the roof of the same airport.

Consequently, whether (one or other particular form of) the welfare state is sustainable depends not only on "objective" processes, whether demographic (say, how big the baby bust is), economic (competition for both commercial outlets and taxable assets) or technological (such as the development of medical technology). It also depends on a moral evolution that affects both the cost of maintaining a certain level of provision and the politically expressed will to bear that cost.

The moral presuppositions of the welfare state

The moral presuppositions of (one or other particular form of) the welfare state are the principles that underlie it, in the sense that they would justify its actual operation, whether or not they correspond to its proclaimed aims. Such principles can be arrived at by looking at the actual effects of particular social security institutions in particular historical contexts and spelling out their implicit (sometimes unconscious or hidden) purposes. (See Moon 1988 for an approach along these lines.)

For example, one can look at the obligation to work imposed in Northern Europe by the first Poor Laws either as a way of enforcing a religiously motivated compulsion to work, or as a screening device for the purpose of identifying the truly needy. Or one can contrast two categories of contemporary welfare states in terms of an opposition between those aiming to provide people with more options and those aiming to make them choose the right option. Or again one can try to read the history of the welfare state as an ever more ambitious attempt to suppress risk, to fully compensate whatever

bad things can happen in our lives, whether caused by the actions of nature, other people or even oneself. But the most common attempt at spelling out the moral presuppositions of the welfare state is of course in terms of the contrast (and frequent conflict) between the "Bismarckian" insurance principle, which can only accommodate ex-post transfers, and the "Beveridgean" solidarity principle, which makes room for ex-ante transfers between categories of people who know in advance that it is not in their interest to pool risks of a certain sort. This distinction is made with many refinements and in a great variety of versions (see e.g. Baldwin 1990, Koslowski 1990, Euzéby 1991).

However, it leaves out an important third principle which could be called "Painean" because of its having received its first clear expression from Thomas Paine (1796). In a memoir addressed to the French Directoire, Paine argued for an unconditional cash payment made to every person, rich or poor, working or not, as (s)he reaches the age of 21, and then again, every year, as from the age of 50, to be funded out of a general land tax. The ground for the transfer, in this case, is not the materialization of a risk, and hence cannot be derived from either insurance or solidarity as usually conceived. It is rather the right of each citizen to an equal share in the value of society's natural resources. Paine's principle has a straightforward application in Alaska's annual dividend scheme funded out of the proceeds of the exploitation of oil (see O'Brien & Olson 1990). Some appropriate generalization of it also provides the most straightforward justification of universal child benefits and universal basic pensions in those countries in which they exist, and of a universal citizen's income in those countries in which it is being advocated. One way of looking at the moral presuppositions of the evolving welfare states would therefore be in terms of the complex pattern of conflict and cooperation between these three fundamental principles (see Van Parijs 1994).

The moral justifications of the welfare state

Although norms are an essential component of their subject-matter, research programmes focusing on the moral requirements or on the moral presuppositions of the welfare state are of a factual, empirical, social-scientific nature. One only reaches the ethical level proper, as one moves on to question of the moral justification of (one or other form of) the welfare state. The

question, then, is no longer about what is, was or can be, but about what ought to be. What sort of welfare state must we have (if any), and why ?

One answer that is sometimes heard, sees in the organization of poverty relief the central role of the welfare state. The insurance function is best left to the private sector, with a number of constraints on who is to be taken on (to counter adverse-selection problems) and on the use of insurance funds (to guarantee diversification). But poverty relief, whether motivated by self-interest (the fear of muggers and the dislike for beggars) or charity (of a genuinely altruistic nature), cannot be left to private initiatives, because of coordination and free-riding problems. In a "liberal social contract" (Kolm 1985), there is room for unanimously agreed on compulsory redistribution.

An ethically more ambitious answer makes social solidarity the central objective, as spelled out, for example, in Ronald Dworkin's (1981) "insurance behind a veil of ignorance" or in Serge Kolm's (1985) "fundamental insurance". Solidarity consists in being generous towards those in whose situation we could have been and who could have been expected to act the way we do now if they had been in our situation and we in theirs. It justifies transfers to the unlucky and less well endowed, including those whose only handicap resides in their having inadequate earning power.

A further answer, that seems more ambitious still, views the welfare state as an instrument in the service of equality. But equality is multidimensionally ambiguous. Firstly, what exactly is the distributive criterion that is being appealed to. Even if there is only one variable at stake (say, income), is the ideal equality at any cost? This seems blatantly absurd. Is it then the minimization of inequality subject to the basic needs of all being satisfied ? But such minimization can lead to different choices depending on whether, for example, the Gini coefficient, the standard deviation or the inverse of entropy is chosen as the measure of inequality. Or is it the maximin, i.e. the restriction of legitimate inequalities to those which help make the situation of the worst off as good as it can be made? This is attractive but moves us a long way from pure equality. And what if there are several variables? Should one equalize along all dimensions (consumption, paid work, domestic work, etc.)? Or should one lump together all dimensions into a single variable, as in Jan Tinbergen's (1943) conception of justice as equality of welfare? Or should one rather resist such amalgamation and adopt a weaker notion of multidimensional equality such as

envy-freeness or, even more weakly, undominated diversity? (See Fleurbaey 1994, Thomson 1994, Arnsperger 1994, Van Parijs 1995a: ch.3.)

Thus, many interpretations are possible at the level of the criterion. Many are also possible as regards the variable to which the criterion is meant to apply. Should outcomes or opportunities be equalized? If it is opportunities, should they be made commensurable in terms of the highest level of welfare they give access to (Arneson 1990), or in terms of the competitive value of the resources they stem from (Varian 1975), or perhaps through some counterfactual insurance procedure which would take us straight back to solidarity, as characterized above (Dworkin 1981)? If it is rather outcomes that should be equalized, are they to be interpreted as distributive shares and, if so, what is the ground for an equal claim by all members of society: the qualitative and quantitative diversity of talents (Rawls 1990), the equal right to natural resources and bequests (Steiner 1994), or perhaps the fact that without society people would have neither entitlements nor even identities (Follesdal 1996)?

Equality indicates one direction in which one can attempt to assign a ideal to the welfare state that goes beyond both poverty relief and social solidarity. But it is not the only one. A no less ambitious ideal is the promotion of a virtuous life. As Koslowski (1996) puts it, "the idea of the correct way of living must be the guiding star for the legislative, the executive and the administration of the state". In this fourth, "post-modern" (or perhaps rather "post-post-modern") perspective, the welfare state has, for fundamental reasons, an educational, possibly even a coercive role which it cannot conceivably have in any of the first three perspectives, each of which is consistent with a liberal or "modern" conception of the state.

Responsibility

On the background of this normative map, it is worth returning to the theme of responsibility, which has kept appearing throughout this meeting, also in connection with the other two research programmes sketched above. At one extreme, an outcome-egalitarian conception of the objectives of the welfare state strives to minimize responsibility for the consequences of one's actions. The deserving of rewards or punishments has no role to play in this perspective. Unequal outcomes matching unequal efforts can at most be

justified instrumentally, as a way of providing incentives, and only to the extent that the ideal of outcome equality is qualified by a minimum subsistence condition or modified into maximin outcome. Fundamentally, the less need there is for the rewarding of "deserving" behaviour, the better.

At the other extreme, one finds an odd convergence of those who ascribe the welfare state no other purpose than minimal poverty relief and of those who entrust it with the far more ambitious task of enforcing virtue. In the "libertarian" poverty-relief perspective, people are entitled to the full product of their activities but have to bear full responsibility for their own welfare, also when ill or old. It is only in residual situations that the state must intervene to help out those who cannot manage through no fault of their own. In the "conservative" virtue-enforcement perspective, living a responsible life (of work, thrift, care for one's spouse and offspring, etc.) is part of what the state must encourage or even impose if it has the power to do so, as is the case with people who are dependent on public support. Responsibility is not rewarded here for contingent instrumental reasons, or as a trivial implication of entitlements, but because it is intrinsically good.

If one judges that responsibility is not given adequate place in the current organization of the welfare state, let alone in an outcome-egalitarian interpretation of its aims, is one forced to opt either for the libertarian or for the conservative vision just mentioned? Certainly not. For it can be said that equality of opportunities is centrally a strategy for reconciling a concern for equality with a concern for responsibility. This strategy rests on a distinction between people's opportunities, which need to be equalized, and people's (possibly risky) use of these opportunities, whose good and bad consequences they can and must bear. The conception of justice as "real freedom for all" presented and defended in my recent work (especially Van Parijs 1995a) constitutes a new variant of opportunity-egalitarianism which claims to combine the appeals of liberty, equality and efficiency and to make adequate room for both individual and social responsibility. It leads to the justification of an unconditional basic income at the highest sustainable level subject to two conditions which I shall not present nor explain here.

The three big challenges

Instead, I would like to conclude by adding one remark about each of the three big challenges to our welfare states that keep surfacing throughout this book: the ageing of the population, the dualization of society, the globalization of the economy.

It is clear that ageing – due to falling birth rates and rising life expectancies – raises an arithmetic problem, whose acuteness varies greatly from one country to another. The extent to which this arithmetic problem is also an economic problem can be overestimated: both pension levels and tax efforts can be held constant despite growing dependency ratios if per capita earnings grow accordingly. But the extent of the economic problem can also be seriously underestimated, for three distinct reasons. First, there is the possibility of a significant positive feedback loop: the pressure from increasing claims of the old on the incomes of the active population may squeeze out children even more than predicted. Secondly, the dependency ratio correctly (though always roughly) describes the depth of the problem only if most people of working age can find an unsubsidized job. But reducing the dependency ratio by postponing retirement is an illusory solution if there are already masses of adult people without jobs or with subsidized jobs. Thirdly, even with an unchanged ratio of the retired to the employed, there may be a growing problem in collecting funds because of the growing transnational mobility of high-wage workers and firms. These last two points indicate how heavily the seriousness of the first big challenge depends on the seriousness of the other two.

The fight against the dualization of society, against the exclusion of a growing part of the adult population from participation in the main stream of paid work, can only be successful if we gradually turn the basic component of our welfare states from a net in which people get caught into a floor on which they can stand. This implies, a fortiori, that we should firmly resist the repeated pleas for making welfare state provisions more selective than they currently are. One way of fighting selectiveness consists in turning more means-tested assistance into rights-based insurance by having the state pay social insurance contributions on behalf of people involved in caring or training activities for example. This could make their "Bismarckian" claims on contributory pensions, paid sick leave or unemployment benefits sufficiently high to render "Beveridgean" means-tested assistance less necessary. The other strategy – the only one, I believe, which gets to the root of the problem – consists in

maintaining and extending "Paineian" citizenship-based benefits, such as universal health coverage, family allowances or basic pensions and, more radically, an unconditional basic income for all adults. Moral argument along the lines sketched above is of decisive importance to make it politically possible.

Whether it involves a net or a floor, any generous system of social solidarity is threatened by the advent of the world market, and in particular the selective mobility of taxable assets. If we don't want to go down the American road, it is urgent to broaden and deepen our common thinking and discussion on these subjects at the European level, for a number of obvious and less obvious reasons (see Van Parijs 1995b). The contribution this book makes to this important task is one major reason for thanking the organizers of the conference from which it stems. Another resides in the particularly favourable working conditions which we have been enjoying during three intense and fruitful days. Like any other privilege – and there are quite a few even in an academic's austere life –, this one generates a responsibility: not just to produce scientifically reliable work along the three complementary avenues illustrated above, but also to help fight a dramatic worsening of the inequalities in life chances which will plague and destroy our societies if we do not play our difficult and crucial roles as morally committed intellectuals.

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