

## HOW (NOT) TO CRITICIZE THE WELFARE STATE\*

### INTRODUCTION

Following John Rawls's criticism of 'welfare state capitalism' (henceforth WSC)<sup>1</sup>, a promising debate about the implications of Rawls's theory for the set-up of socio-economic institutions has sprung up. This debate focuses mostly on the alternative to WSC proposed by Rawls: a 'property-owning democracy' (henceforth: POD).<sup>2</sup> This paper assesses Rawls's case against WSC and for POD, from both a normative and a methodological point of view. It points out several flaws in Rawls's critique of WSC, through a focus on an existing variety of welfare state – a Swedish-style universal welfare state (henceforth UWS) – which is relatively successful, both in terms of its normative merits (assessed on the basis of liberal egalitarian principles of social justice) and in terms of institutional stability and capacity for self-perpetuation. UWS is successful in these regards because it guarantees the continuous availability of a large range of essential goods to the vast majority of citizens, largely operating without means-tests in their allocation. Rawls's 'WSC', on the other hand, is modeled on a 'liberal', residual, welfare which tends to provide only for the most disadvantaged, and largely draws on means-tests in doing so. In highlighting this contrast, and drawing out its normative implications, the paper indicates a way for achieving a better connection between liberal egalitarian theories of social justice and empirical research on socio-economic regimes: it illustrates that centering the discussion on the merits and shortcomings of the arguably best existing socio-economic regime yields a sounder basis for developing and assessing proposals for how to go beyond it, where justice requires this.

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<sup>1</sup>John Rawls, *Justice as Fairness – A Restatement* (Cambridge (MA): Harvard University Press 2001), pp. 137ff.

<sup>2</sup> See especially Martin O'Neill and Thad Williamson (eds.), *Property-Owning Democracy: Rawls and Beyond* (Oxford: Wiley-Blackwell 2012), Alan Thomas and Thad Williamson (eds.), 'Symposium on Property-Owning Democracy', *The Good Society* 21 (2012): 1-89, and Francis Cheneval and Christoph Laszlo (eds.), 'Property-Owning Democracy', *Analyse & Kritik* 35 (2013): 1-269.

The paper proceeds as follows: section 1 sums up Rawls's critique of WSC as a socio-economic regime, and his case for POD. Section 2 analyzes the set-up of the argument in more detail and investigates which purposes the identification and evaluation of different regime types as possible implementations of principles of social justice serve within Rawlsian theory. On this basis, the main argument in section 3 re-examines Rawls's critique of WSC. It argues that, while the critique captures the justice shortcomings of 'residual', *liberal* welfare states, the normative and institutional merits of UWS are good enough to ground a strong case for it as the bedrock of Rawlsian justice. WSC operates over a limited range of basic goods, largely correcting market outcomes after they have arisen, and only for those at their wrong end, for whom it serves as a last resort, conditional on demonstrating need. UWS distributes a significantly larger range of essential goods and services, such as child care, health care, education (including higher education), and pensions, independently of market outcomes, to a much larger share of the population (universality), and without means-tests (unconditionality), thus constituting a considerably more mixed, less market-based, political economy. Furthermore, the paper argues that even UWS might not be enough to realize Rawlsian justice fully. To the extent that this is the case, however, there are reasons to believe that a move to more collectively oriented measures aiming at the democratization of processes of socio-economic production (leading up to ideals of democratic (or liberal) socialism) might be preferable to a move to POD.

## **1. RAWLS'S CRITIQUE OF THE WELFARE STATE, AND THE CASE FOR POD**

In *Justice as Fairness*, Rawls considers several different socio-economic regimes as possible implementations of his principles of social justice. In particular, he focuses on 'welfare-state capitalism' (WSC) and its possible alternatives. The aim of WSC is specified as follows:

“[N]one should fall below a decent minimum standard of life, one in which their basic needs are met, and all should receive certain protections against accident and misfortune, for example, unemployment compensation and medical care.”<sup>3</sup>

On this basis, he delivers a sweeping indictment of its justice credentials:

“Welfare state capitalism [...] rejects the fair value of political liberties, and while it has some concern for equality of opportunity, the policies necessary to achieve that are not followed. It permits very large inequalities in the ownership of real property (productive assets and natural resources), so that the control of the economy and much of political life rests in few hands. And although [...] welfare provisions may be quite generous and guarantee a decent social minimum [...], a principle of reciprocity to regulate economic and social inequalities is not recognized.”<sup>4</sup>

WSC thus violates all three principles constituting Rawlsian ‘justice as fairness’:

1. The ‘fair value of political liberties’, aimed at ensuring substantive (not just formal) equal opportunity for effective political participation, as protected by the first principle of equal basic liberties;
2. ‘Fair equality of opportunity’, which demands that “those who have the same [native] level of talent and ability and the same willingness to use these gifts should have the same prospects of success regardless of their social class of origin”<sup>5</sup>;
3. The difference principle, which requires measures to limit socio-economic inequality between participants so as to render the worst off as well off as possible, over and above a mere ‘social minimum’.

Rawls stresses that WSC operates through “redistribution of income to those with less at the end of each period”<sup>6</sup>, if “those who need assistance can be identified.”<sup>7</sup> WSC policies thus mainly constitute residual, *ex post*-devices meant to aid those whose prospects of socio-economic success fall victim to the contingencies of capitalist markets – including those whose opportunities are

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<sup>3</sup> Op. cit., pp. 139f.

<sup>4</sup> Op. cit., pp. 137f.

<sup>5</sup> Op. cit., p. 44.

<sup>6</sup> Op. cit., p. 139.

<sup>7</sup> Op. cit., p. 140.

restricted from the outset by the inequalities that the regime permits. Accordingly, WSC runs the particular danger that

“there may develop a discouraged and depressed underclass many of whose members are chronically dependent on welfare. This underclass feels left out and does not participate in the public political culture.”<sup>8</sup>

Rawls introduces two further regime types as better suited to implement ‘justice as fairness’. One – mentioned only very briefly – is ‘liberal socialism’, which combines public ownership of the means of production with competitive markets for firms.<sup>9</sup> The other is a ‘property-owning democracy’ (POD), which

[...] ensur[es] the widespread ownership of productive assets and human capital (that is education and trained skills) at the beginning of each period, all this against a background of fair equality of opportunity. The intent is not simply to assist those who lose out through accident and misfortune [...], but rather to put all citizens in a position to manage their own affairs on a footing of a suitable degree of social and economic equality.”<sup>10</sup>

POD allows for private property in the means of production, but, unlike WSC, operates on an *ex ante*- rather than *ex post*-basis, in that it ensures initial widespread – we can add: roughly equal – ownership of productive property in a way that makes it unnecessary to identify the worst-off and target assistance measures directly at them. It also averts the dangers of a privileged class of capital owners dominating the political process, thereby thwarting the fair value of political liberties. In line with this description, POD’s preferred policy means do not consist of income taxation, but mainly of a system of steep estate, inheritance, and/or gift taxes.<sup>11</sup> While Rawls cautions that the choice between POD and liberal socialism ought to depend on “society’s historical circumstances, its traditions of political thought, and much else”<sup>12</sup>, the extended

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<sup>8</sup> Ibid.

<sup>9</sup> Op. cit., p. 138.

<sup>10</sup> Op. cit., p. 139. Rawls’s proposal for POD is inspired by James Meade, *Efficiency, Equality, and the Ownership of Property* (London: Allen & Unwin 1964). Meade regarded POD as a supplement to the welfare state, not as an alternative regime; he also considered it to be compatible with more socialist measures. For sympathetic discussion of Meade’s view, see Ben Jackson, ‘Property-Owning Democracy: A Short History’, in: O’Neill/Williamson, op. cit., pp. 33-52.

<sup>11</sup> Rawls, op. cit., p. 160f. Income taxation “might be avoided altogether” under this scheme, and replaced by a proportional expenditure tax: a tax on consumption applying to individuals above a certain income threshold, p. 161.

<sup>12</sup> Op. Cit., p. 139. It is worth noting that many policy and institutional features of POD had, *in nuce*, already been present in Rawls’s earlier work, see John Rawls, *A Theory of Justice*, rev. ed. (Oxford: Oxford University Press 1999), ch. 4. For a full list of the features of POD throughout Rawls’s work, see Samuel Freeman, *Rawls* (Abingdon: Routledge 2007), pp. 226-232.

treatment devoted to POD makes clear that it constitutes his preferred regime (at least for the context of application of the United States). POD shares some similarities with other proposals recently made by liberal egalitarians, such as Bruce Ackerman's and Anne Alstott's "stakeholder grant"<sup>13</sup> to be paid to everybody at the onset of adulthood. The aim of both proposals is to enable personal independence and autonomy by granting a sizeable share of productive property, instead of having the worse off rely on transfer payments. Such proposals share a focus on distinctively *liberal individualist* remedies to the perceived failure of welfare states, aiming at a more equal distribution of individual property rights to the means of production, rather than on the structure of, and powers associated with, such ownership rights – which, in first approximation, can be said to be the aim of socialist strategies for achieving socio-economic justice.

## 2. WHAT IS AT STAKE? THE "CHOICE OF A SOCIAL SYSTEM"<sup>14</sup>

Rawls thus explicitly contradicts all those who have regarded his theory as a mere *ex post* justification of the welfare state. Few would deny that the failures Rawls attributes to WSC are grave and indeed characterize most, if not all, existing welfare states in liberal democracies, especially after the rise of socio-economic inequality experienced – to different degrees – by all of them in the last three decades or so.<sup>15</sup> Interestingly, Rawls's criticisms of WSC unite concerns traditionally associated both with the political left – stressing WSC's failure to implement political equality and limit socio-economic inequality – and the political right, in particular with recent neo-liberal criticisms of the problem of 'welfare dependency'.

Yet, the exact status and point of Rawls's critique merit a more in-depth analysis. It would be possible to regard Rawls's critique of WSC as essentially a list of several justice shortfalls of a

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<sup>13</sup> Bruce Ackerman and Anne Alstott, *The Stakeholder Society* (New Haven: Yale University Press 1999).

<sup>14</sup> Rawls, *Theory*, pp. 242, 229.

<sup>15</sup> For data, see the Luxembourg Income Study (LIS) and the Luxembourg Wealth Study (LWS), <http://www.lisdatacenter.org/> (last accessed 10 November 2014).

particular set of existing welfare state institutions – such as those of the US. POD-style *policies* could then be seen as remedies for particular failures of particular welfare states.

However, this would not do justice to Rawls’s intentions: his argument is supposed to deliver guidance for the choice of different *regimes*. These are “viewed as social systems, *complete with their political, economic, and social institutions*”<sup>16</sup>. This is in line with Rawls’s general focus on the “basic structure”<sup>17</sup>, understood as the fundamental institutional set-up of a just society. The focus on the basic structure emphasizes how the different institutions that make it up hang together, and influence each other, in the production of just distributive outcomes and/or just social and political relations.<sup>18</sup> Rawls’s argument is hence an ambitious argument about the necessity of a change of socio-economic regime, understood in this sense, from WSC to POD (or liberal socialism).<sup>19</sup> As such, it inevitably draws on quite far-reaching idealizations of regime types; WSC and POD are to be regarded as ‘ideal types’<sup>20</sup> of comprehensive institutional set-ups. The argument for POD, and against WSC, ought then to be understood as aiming at identifying not just a list of *contingent* failures of the welfare state, but its *necessary* shortcomings in terms of justice. It is on this basis that it should be evaluated.

This focus on ideal-typical regimes serves two interconnected purposes within the framework of Rawls’s theory. First, showing which kind of institutional set-up is required by Rawlsian principles of justice is necessary to double-check whether we should indeed endorse these principles.<sup>21</sup> Second, the *comparison* between POD and WSC is required if Rawlsian principles are to deliver guidance for real-world political action and choices: for the political and social situation we indeed find ourselves in. Since WSC arguably marks the basic type of institutional set-up in

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<sup>16</sup> Rawls, *Justice as Fairness*, p. 137 (my emphasis).

<sup>17</sup> Rawls, *Theory*, p. 6.

<sup>18</sup> *Ibid.*, p. 50.

<sup>19</sup> O’Neill and Williamson emphasize Rawls’s “commitment to viewing questions of justice as holistic institutional questions” rather than focusing, more modestly, on “piecemeal political reform” as motivating his case for POD, O’Neill and Williamson, ‘Introduction’, in *op. cit.*, pp. 1-14, p.2.

<sup>20</sup> Martin O’Neill, “Free (and Fair) Markets Without Capitalism: Political Values, Principles of Justice, and Property-Owning Democracy”, in O’Neill/Williamson, *op. cit.*, pp. 75-100, pp. 76, 91f.

<sup>21</sup> Rawls, *op. cit.*, p. 136: “[B]ecause the idea of reflective equilibrium involves our accepting the implications of ideals and first principles in particular cases as they arise”, we need to “work through [their] implications in practice”.

advanced liberal democracies, we need an account of how exactly a just system would be different from such present institutions, in order to be able to work out which changes are necessary. Because of Rawls's focus on the basic structure, such a comparison ought to be as comprehensive as possible: we need to know not only whether the principles would mandate certain policy changes, when taken in isolation, but also how such policies interact with each other, and how they are embedded in the wider institutional structure.

To these two purposes, a third ought to be added: concern for the *stable* implementation of justice. To be sure, Rawls's theory does not focus on stability *tout court*, but on "stability for the right reasons"<sup>22</sup> at the fundamental level of choice of principles of justice – that is, on the question of whether the demands of principles of justice can be publicly identified, and avoid unduly burdening some individuals, so that they can constitute the basis of an ongoing and stable reciprocal agreement among citizens on how to organize societal cooperation. In his discussion of different socio-economic regimes Rawls abstracts from all questions of "political sociology"<sup>23</sup> concerning the different interests that regimes may engender over time, which may threaten, or enhance, their stability. Yet, it is clear that such an abstraction can only be preliminary. It would make little sense to embark on a thorough discussion of the institutional content demanded by Rawlsian principles without double-checking, as far as this is possible, whether the institutions in question are, or would be, reasonably stable and therefore apt to ensure *social justice over time*. At the same time, a focus on stability naturally directs attention from single institutions and policies to their interplay within a given regime; in particular, to the interplay of welfare state (or POD) policies and institutions with institutions of political decision-making.

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<sup>22</sup> John Rawls, *Political Liberalism* (New York: Columbia University Press 1996), p. xli.

<sup>23</sup> Rawls, *Justice as Fairness*, p. 137.

### 3. A QUALIFIED DEFENSE OF THE WELFARE STATE

With these methodological preliminaries in place, we can turn to reexamining Rawls's substantive case against WSC. From the discussion above, it follows that a successful argument for POD over WSC as regime types has to rely on an ideal type of WSC that a) is reasonably accurate in the sense that the idealization employed captures main functional features (not just contingent characteristics) of welfare state arrangements; and b) takes, from a normative point of view, the best available version of such arrangements, in order to be able to determine with more precision whether, and if so, where, it falls short in terms of justice.

In order to undertake this assessment in an empirically informed manner, it is instructive to turn to research on the merits and institutional properties of different kinds of welfare regimes that has been undertaken in comparative political science over the last decades, in particular as it evidences a distinction between two ideal types of welfare regime: the residual 'liberal' welfare state – as characterizes especially the US, and, to a lesser extent, the UK – and a 'social democratic', or universal, welfare state (UWS) – as arguably best represented by the Swedish welfare state.<sup>24</sup> Under a UWS, a large share of the population, consisting of both lower and middle classes, continuously receive a wide range of tax-financed benefits, such as child care, health care, and education, which are largely granted without means-tests. A 'residual', liberal welfare state, on the other hand, acts more as a provider of last resort of such goods to those who cannot procure them for themselves on the market, and accordingly relies more heavily on means-tests in doing so. Rawls's WSC seems to embody the latter; yet focusing on UWS brings into view a candidate for welfare state arrangements capable of achieving a substantially better

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<sup>24</sup> See especially the typology of regimes developed by Gøsta Esping-Andersen, *The Three World of Welfare Capitalism* (Princeton, Princeton University Press 1990). The third regime is the 'conservative' welfare state, which entrenches class divisions through extensive, but class-differentiated welfare policies. For a more recent examination largely confirming Esping-Andersen's typology, see Wilhelmus Antonius Arts and John Gelissen, 'Three worlds of welfare capitalism or more? A state-of-the-art-report', *European Journal of Social Policy* 12 (2002): 137-158. Classifications of welfare regimes are contested, in particular the 'conservative' ideal type. What is needed for the argument of this paper is merely that the residual and universal ideal types can be clearly distinguished, so that their normative merits can be comparatively assessed.

record in terms of justice.<sup>25</sup> From there, it can then be ascertained in a more nuanced manner where policies and institutions going beyond it are, if at all, necessary, and how these can build on such arrangements.<sup>26</sup> Such an inquiry is of particular interest also for the case of states whose welfare state arrangements do resemble Rawls's WSC (such as the US), as it yields a case for them to seek to move to a regime like UWS, before, or instead of, moving to POD.

### 3.1. *Socioeconomic Inequality and Welfare-State Based Benefit Provision*

In one way, Rawls's definition of the aim of WSC as aiming at securing for everybody a 'decent minimum' instead of aiming at limiting distributive inequality in income and wealth in accordance with a principle of reciprocity, such as the difference principle, begs the question. Different welfare states do differentially well at limiting inequality; welfare states of the universal type score much better on this front than those of the residual kind.<sup>27</sup> Existing welfare states represent the outcome of political struggles and express different balances of interests, in particular those of workers and the owners of the means of production.<sup>28</sup> The reduction of pre-tax economic inequality must, on all plausible interpretations, be counted as among the main aims of UWS; and while it is very likely that no existing welfare state completely fulfills the difference principle, looking at redistributive outcomes alone, it is hard to see why welfare states just could not.

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<sup>25</sup> For a very recent defense of WSC, see Kevin Vallier, "A Moral and Economic Critique of the New Property-Owning Democrats: On Behalf of a Rawlsian Welfare State", *Philosophical Studies*, online first, 1-22, <http://link.springer.com/article/10.1007/s11098-014-0303-2>. Vallier argues that POD is likely to be much less productive than WSC. This is mainly based not on empirical evidence, but on economic theory, mostly neoclassical economic theory. Since it is a debate in itself whether this theory delivers the best framework for assessing both welfare state productivity and POD's prospects, I cannot address this claim here. Vallier also argues that WSC would be more just in other respects than POD; for discussion, see n. 60 below.

<sup>26</sup> O'Neill notes that WSC faces a "straw man" regime type" worry, op. cit., p. 83, and proposes to view WSC and POD as "staging posts on a broader continuum of policies that might be enacted in the pursuit of social justice"; p. 92. However, this is in tension with the holistic focus on the basic structure emphasized by O'Neill elsewhere (see n. 19), since, in effect, it amounts to giving up the focus on regime types.

<sup>27</sup> See the Luxembourg Income Study (LIS) and the Luxembourg Wealth Study (LWS), <http://www.lisdatacenter.org/> (last accessed 10 November 2014): in 2010, the Gini coefficient for income ranged between 0.24 (Norway) and 0.37 (US).

<sup>28</sup> See, for example, Esping-Andersen, op. cit., chs. 4 and 5.

However, focusing merely on the outcome of welfare state-based redistribution would not do justice to Rawls's argument, which stresses that the (rough) equalization of ownership of means of production demanded by POD takes place 'at the beginning of each period', thus putting individuals 'in a position to manage their own affairs'. Therefore, the key complaint against WSC is not its failure to tackle inequality, but its supposedly doing so in the wrong way, with an *ex post*-focus on redistribution. This is usefully analyzed in two dimensions: first, regarding a possible problematic impact of welfare-state based transfers on individuals' *self-respect*; and second, regarding a possible failure of WSC to safeguard individuals' *autonomy*, by granting them insufficient control over their lives. These will be tackled in turn.

First, concerning self-respect, O'Neill argues that a recipient of welfare transfers "may come to see himself as a passive beneficiary, rather than as a free and equal individual"; "he may even experience these transfers as the *source* of his diminished status, and thereby as the mechanism which undermines his self-respect".<sup>29</sup> This should not be regarded as a purely psychological issue. The good at stake here is not individuals' actual level of self-respect, as this may be subject to all kinds of individual psychological contingencies.<sup>30</sup> It is, as Rawls stresses throughout, the 'social bases of self-respect'<sup>31</sup>: the social and political circumstances from which individuals may reasonably infer that they have a certain social and political status as members of their society. Accordingly, the relevant question is whether individuals experiencing the receipt of benefits as diminishing their self-respect have *good reason* to do so. The answer to this question depends on the social meaning of welfare transfers. These, however, differ from context to context. O'Neill's argument relies, like Rawls's, on the model of the residual welfare state, where a relatively small part of the population – in particular the unemployed and their families – receive welfare benefits,

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<sup>29</sup> O'Neill, *op. cit.*, pp. 88f (emphasis in the original).

<sup>30</sup> See Vallier, *op. cit.*, p. 17.

<sup>31</sup> *A Theory of Justice*, *passim*.

and have to go through means-testing procedures to do so.<sup>32</sup> Means-tests can be problematic for self-respect not only because they subject individuals to potentially demeaning and dominating bureaucratic procedures, but also because societies whose institutions rely on them to a greater extent than others, such as the US and the UK, tend to display inegalitarian social attitudes which connect receipt of benefits to a judgment of social inferiority: those who do not need to rely on transfers are capable of taking care of their own affairs; those who receive benefits are not, and are therefore socially deficient.

However, the social meaning of benefit provision is arguably different in a UWS. UWS is, as mentioned above, characterized by a high level of social benefits, which are largely granted without means tests<sup>33</sup>; a high percentage of the working population, including the middle classes, receive such benefits in some form or other, at any given time. Under such a system, it is hard to see why receiving social benefits would have to go hand in hand with a societal judgment of inferiority: the degree to which receipt of benefits might be accompanied by such a judgment decreases as the level of unconditionality (absence of means-tests) and universalism (proportion of population receiving benefits) rises. To the contrary, since unconditional benefits are particularly effective at “decommodifying” individuals<sup>34</sup> – at freeing them from the immediate necessity to sell their labour power – they may be regarded as an expression of a societal judgment that individuals are of equal value independently of their continuous participation in the market and their economic situation (including ownership of the means of production). They could, to this extent, even be particularly good for egalitarian self-respect.

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<sup>32</sup> Means-tested benefits make up a considerably smaller share of state expenditure than contributory pension schemes even under more residual regimes. However, given the focus of Rawlsian justice on the worst off, paying special attention to them is called for from a normative point of view.

<sup>33</sup> I change the term here from “welfare benefits” to “social benefits” since the former seems tied to means-tests in residual welfare regimes (‘being on welfare’), see Bo Rothstein, *Just Institutions Matter – The Moral and Political Logic of the Welfare State* (Cambridge, Cambridge University Press 1998), p. 26. I am greatly indebted to Rothstein’s account of how UWS is well-placed to implement social justice. However, since Rothstein regards social justice as requiring merely equality of basic capabilities, which is, in several respects, less demanding than ‘justice as fairness’, this paper sees more need to supplement UWS with further-reaching policies.

<sup>34</sup> Esping-Andersen, op. cit., pp. 20ff.

One may object that this does not fully do away with Rawls's concern, which, after all, paid particular attention to the issue of a 'depressed and discouraged underclass [...] *chronically dependent* on welfare' – that is, those who permanently have to rely more or less exclusively on transfers, in particular the long-term involuntarily unemployed. That this is damaging to one's self-respect as a free and equal member of society can hardly be denied; a UWS has to take all possible measures to curb such chronic exclusive dependence, in particular by minimizing permanent exclusion from the labour market.<sup>35</sup> Here, however, it is important to avoid unfair comparisons. It is not clear that POD, by implementing a roughly equal initial distribution of productive resources, would escape all such problems. Individuals will likely fare differentially well with their resources, for a variety of reasons, such as simple "brute market luck" regarding the investments they have made, differences in initial skills and talents not corrigible by even very egalitarian and high quality public education, cases of special need and disability, and so on. There is therefore some risk that even under POD, such an underclass may come into existence (even though its size is of course uncertain). If this is so, its advocates face an analogous question of how to deal with it.<sup>36</sup> Rawls acknowledges that the state has to continue to "guarantee a social minimum"<sup>37</sup>, and a "basic level of health care for all"<sup>38</sup>. Yet the focus on a 'minimum' suggests that such devices will, once more, be residual, and might accordingly reproduce the problems just discussed for those who lose their initial capital, or cannot use it as productively as others. This does not yield an argument *against* POD; but it does yield an argument for a UWS underlying it, and restricting the market outcomes it may generate. Accordingly, the first result of this section is that there is a strong case for UWS as the most basic institutional set-up for 'justice as fairness'.

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<sup>35</sup> A regime of 'flexicurity', consisting of relatively weak employment protection legislation, a high level of unemployment benefits, and active labour market policies, as characterizes especially Denmark and the Netherlands, seems to be quite successful in this regard, see Jørgen Goul Andersen, 'The Impact of Public Policies', in Daniele Caramani (ed.), *Comparative Politics* (Oxford: Oxford University Press 2008), pp. 547-570.

<sup>36</sup> Rawls states that under POD, "we hope that an underclass will not exist; or, if there is a small such class, that it is the result of social conditions we do not know how to change, or perhaps cannot even identify or understand", op. cit., p. 140. However, there is nothing mysterious about bad market luck and the other equality-upsetting factors mentioned above; for discussion, see Richard Krouse and Michael McPherson, 'Capitalism, 'Property-Owning Democracy', and the Welfare State', in: Amy Gutmann (ed.), *Democracy and the Welfare State* (Princeton: Princeton University Press 1988), pp. 79-106, pp. 95ff.

<sup>37</sup> Rawls, *Theory*, p. 243.

<sup>38</sup> Rawls, *Justice as Fairness*, p. 176.

Second, regarding autonomy, it would not be plausible to claim that provision of welfare state services has to fail to enable individual autonomy, because welfare states largely operate *ex post*, that is, through taxes on gross market income and subsequent transfer – as opposed to ensuring an *ex ante* equal distribution of productive capital. While welfare states do operate *ex post* in this sense, this is not the sense of the *ex ante/ex post*-distinction that matters most fundamentally for individual autonomy, understood as control over one’s own personal life.<sup>39</sup> The relevant distinction is, once more, that between more ‘residual’ welfare states offering a low level of benefits, connected to means-tests, and UWS. It is easy to see how the former regime violates the concern for autonomy that liberal egalitarians hold dear: since it identifies the needy *ex post* through means-testing, recipients of benefits have to have already experienced deficiencies of autonomy, or must demonstrably face them in the near future (for example because they have received their notice of dismissal from work). Otherwise they would not be eligible for benefit provision. In a UWS, on the other hand, continuous state-based provision of a large range of goods to all, such as high quality public education, child care, and health care, puts individuals in the position to be able to count on their availability, largely independently of changing market circumstances, at all times in the formation of their life plans. It would be highly misleading to portray such provision as concerned with individual security *rather than* autonomy: welfare state goods provision is autonomy-enhancing precisely because it enables individuals to plan their lives by insuring them against individual economic misfortune as well as against collective economic misfortune (for example, in the case of market shocks hitting all), rather than leaving them having to fend for themselves in such cases – which they would, to a greater extent, have to do also in a POD, if it is not bolstered by a UWS, but merely supported by residual welfare state institutions.<sup>40</sup> This is therefore another argument for a UWS as the bedrock of social justice.

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<sup>39</sup> Whereas it matters greatly for political equality; see 3.4. below.

<sup>40</sup> On the risk-pooling role of welfare states, see Albert Weale, ‘The Property-Owning Democracy versus the Welfare State?’, *Analyse und Kritik* 35 (2013): 37-54; on their role as safeguarding autonomy by compensating individuals for the risks that market societies expose them to, see Michael Schefczyk, *Umverteilung als Legitimationsproblem* (Freiburg: Alber 2003), Part III.

This is not to deny, however, that the autonomy-based criticism of the welfare state has bite – even a UWS offering universal and unconditional benefits at a high level in the *ex ante* sense just specified may not provide for *enough* autonomy and control for individuals, in particular concerning their working lives. Freedom of occupation is not enough if most work options leave individuals with insufficient control over their working environment and little opportunity to design their own contributions. This is where POD might come into play. Roughly equal possession of capital is not intrinsically required by Rawlsian principles; claiming this would amount to asserting a particular vision of the good life, which is ruled out by Rawls’s commitment to neutralist liberalism. But it might be the best means to realize such workplace autonomy. To ascertain this, it has to be compared to other alternatives such as a high level of workplace democracy without individual ownership of productive resources, and/or a modest-sized unconditional basic income (UBI), supplementing, or rather modifying, UWS by replacing some more specific benefit policies. Such an UBI would give individuals more bargaining power to resist bad job offers, and collectively negotiate better working conditions.<sup>41</sup>

In this context, it is important to note which form an equal distribution of ownership as demanded by POD would have to take in contemporary market economies. While part of POD’s appeal, to classical liberals and libertarians at least, is due to its suggesting an image of independent property-holders with entrepreneurial control over their productive resources, as the traditional image of property rights suggests, contemporary market economies display highly diversified forms of enterprises, and are characterized by the existence of large-scale firms and corporations. Furthermore, pointing this out is not a concession to the non-ideality of our circumstances. While liberals may have good reason to encourage small businesses, larger firms and corporations allow for economies of scale and innovation that the latter arguably cannot

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<sup>41</sup> For the possible impact of UBI on labor negotiations, see Erik Olin Wright, ‘Basic Income, Stakeholder Grants, and Class Analysis’, in Bruce Ackerman, Anne Alstott, and Philippe van Parijs (authors), Erik Olin Wright (ed.), *Redesigning Distribution – Basic Income and Stakeholder Grants as Cornerstones for an Egalitarian Capitalism* (London: Verso 2006), pp. 91-100, pp. 96ff. Barbara Bergman convincingly argues that it would be too costly to add a substantial UBI on top of a UWS, “A Swedish-Style Welfare State or Basic Income: Which Should Have Priority?”, *ibid.*, pp. 108-117. I accordingly only consider a modest UBI as a partial replacement of some welfare state policies.

match; and variety in the forms of production works towards securing the diversity of, and choice between, life and work options that neutralist liberals prize, whereas a society consisting exclusively, or largely, of small entrepreneurs would not. Accordingly, a significant aspect of POD would have to consist of roughly equal *bundles of corporate shares*.<sup>42</sup> While this would certainly bolster individuals' bargaining power as workers (as would a UBI), it is not obvious that it would guarantee the autonomy in one's working-life demanded by the argument. Mandating workplace democracy, in particular, once firms reach a certain size, seems a more direct way to go. Moreover, as mentioned above, there is the problem of what happens to the autonomy of those who, for various reasons, do badly with their investments, and lose their shares.

However, at this point, it is important not to turn POD into a straw man, just as Rawls did with WSC. POD would not need to consist only of bundles of corporate shares; an important aspect might be universal capital grants which individuals can access at the onset of adulthoods to realise various important life projects.<sup>43</sup> Moreover, Rawls regards worker-managed cooperative firms as "fully compatible" with (if perhaps not intrinsically required by) POD<sup>44</sup>; other supporters of POD stress how individuals' freedom to trade their shares must be so restricted as to make them "nonlosable".<sup>45</sup> The more one travels down the latter roads, however, the more the distinctive character of POD is at risk (as is its appeal to liberal individualism): in whichever way its institutional details are spelled out, to count as a proposal for a distinct regime type, it arguably has to retain its focus on private property in means of production.<sup>46</sup> The more the latter is restricted, the more 'POD' is in danger of becoming an umbrella term for 'everything that WSC is not'; whereas more collectively oriented, socialist measures, which reshape rights to the means

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<sup>42</sup> For an account of the property redistribution required by POD in the US, see Thad Williamson, 'Realizing Property-Owning Democracy: A 20-Year Strategy to Create an Egalitarian Distribution of Assets in the United States', in O'Neill/Williamson, *op. cit.*, 225-248.

<sup>43</sup> See Ackerman/Alstott, *op. cit.*, and the more use-restricted version of basic capital advocated by Stuart White in his contribution to this issue.

<sup>44</sup> Rawls, *op. cit.*, p. 176.

<sup>45</sup> Williamson, *op. cit.*, p. 237.

<sup>46</sup> If POD assets are to be nonlosable, they must be transformed into a stream of income, thus resembling a UBI. A UBI arguably constitutes a middle point between UWS, as an extension of its decommodifying logic, and a strategy of more equal distribution of individual property.

of production so as to mandate high levels of workplace democracy and democratic control of large-scale patterns of investment seem more clear-cut.<sup>47</sup> While UWS does not suffice to guarantee autonomy, in particular, workplace autonomy, and Rawls's critique of WSC is, to this extent, confirmed, the question whether POD constitutes the best remedy – as well as the question of what exactly it would look like – then merit further inquiry.

Given the diversity of possible policy combinations, one may be tempted to regard the above discussion less as posing particular difficulties for supporters of POD, but rather as suggesting that Rawls's holistic focus on alternative regime types is misguided to start with. Clearly the best implementation of “justice as fairness” will have to be a hybrid regime, drawing on different policies which cut across the regime types mentioned so far, the objection might go.<sup>48</sup> After all, this paper itself does not argue that UWS can fully implement Rawlsian justice, but merely that it is not vulnerable to some of Rawls's criticisms, and has some independent attractive features. It concedes that it has to be supplemented in some respects. For all that has been said so far, some POD-policies might still have an important role to play here.

However, section 2 has pointed out that a focus on regime types has important methodological advantages; in particular, it makes it possible to pay attention to the interaction of different policies with each other and with the system of political decision-making, and to long-term stability. It should allow for some hybridization, but should not be abandoned altogether for a focus on single policies. Keeping this in mind will help to see why subsections 3.3. and 3.4. below suggest that the balance of argument favors a hybrid of UWS and democratic socialism over a hybrid of UWS and POD.

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<sup>47</sup> See Joshua Cohen, “The Economic Basis of Deliberative Democracy”, *Social Philosophy and Policy* 6 (1989): 25-50 and David Schweickart, “Property-Owning Democracy or Economic Democracy?”, in O'Neill/Williamson, op. cit., pp. 201-222. See 3.4. below for discussion.

<sup>48</sup> For discussion, see Paul Weithman's review of O'Neill/Williamson, op. cit., <http://ndpr.nd.edu/news/41424-property-owning-democracy-rawls-and-beyond/> (last accessed 28 November 2014). For an example of a focus on single policies considered as elements of a broader “egalitarian toolkit”, see once more White's contribution to this issue.

### 3.2. *Equality of Opportunity*

From the above discussion of self-respect and autonomy, it also follows that Rawlsian fair equality of opportunity (FEO) does not deliver a conclusive argument for POD. On the one hand, there is no reason why welfare states cannot offer the high quality and egalitarian public education required by FEO. To be sure, it is an open question whether a UWS could also close down other avenues for the “the intergenerational transmission of advantage”<sup>49</sup> to the extent required by the principle (which is arguably tempered at least by a right to a meaningful family life). POD policies would certainly make a valuable contribution here. However, UWS’s potential for success cannot be ruled out in advance. Rival strategies to POD could, for example, emphasize meritocratic selection procedures, and reduce the instrumental importance of possession of capital for attaining desirable jobs and positions.

On the other hand, and more crucially, the defining feature of POD – wide dispersal of capital – is not intrinsically demanded by FEO. FEO requires substantially equal opportunity for individuals to attain offices and desirable positions as a matter of overall lifetime prospects, not permanently, at every point in the course of their life, and is accordingly compatible with unequal positions regarding the control of external means of production as long as all can attain them, depending on talent and willingness.<sup>50</sup> Think of a society in which productive capital is largely controlled by large firms and corporations, but recruitment into top positions within them functions according to FEO.

### 3.3. *Stability*

A further argument for UWS is its stability mechanism. As discussed in section 2, a discussion of regime types must confront the question of stability. In fact, such mechanisms are an important definitional element of regimes in welfare state research: a bundle of policies and institutions

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<sup>49</sup> O’Neill, *op. cit.*, p. 85.

<sup>50</sup> *Ibid.* Freeman amends FEO so as to require continuous access to means of production and adequate control over one’s working conditions for all, *op. cit.*, p. 135. The case for the latter was confirmed in the previous subsection – however, whether this has to take the form of private ownership of means of production was questioned there.

united by the same aims qualifies as a regime only if it gives rise to a causal mechanism perpetuating the achievement of these aims.<sup>51</sup> For UWS, this mechanism is the perpetuation of a coalition of the middle and working classes in support of a regime of unconditional, universal benefits at a high level. Rothstein describes this mechanism in more detail: first, states with UWS are characterized by widespread belief in the justice of egalitarian benefit provision. Second, trust in and adherence to the institutions and policies of UWS, such as the high taxes it requires, is strengthened by the high quality of social benefits, which are enjoyed also by large parts of the middle-classes: though these classes contribute more to financing UWS through the taxes they pay, the fact that they do receive such benefits makes them willing to support it. Third, Rothstein argues that the absence of pervasive means-testing generates further trust in the institutions of UWS because it diverts attention away from the question whether given individuals really need or deserve benefits, or are ‘welfare cheats’, and instead affirms in practice that everybody is equally entitled to them.<sup>52</sup>

This stability mechanism thus relies on an interlocking of moral and political elements; the Rawlsian focus on stability “for the right reasons” (see section 2) can, and should, be so extended as to take into account that basic institutional arrangements tend to generate not only a set of social and economic interests, but also concurring moral beliefs, which contribute to their stabilization. If, in the case of UWS, these moral beliefs are sufficiently in line with Rawlsian principles – as has, in effect, been argued above – this should render it even more appealing.

Viewed through this lens, POD, on the other hand, faces a potential stability problem. As explained above, in order to guarantee roughly equal holdings of individual productive assets, it has to rely on a system of steep estate, inheritance, and gift taxes. These taxes will have to operate on an ongoing basis, since, as argued above, if the use of such assets is not to be heavily restricted,

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<sup>51</sup> See See Gøsta Esping-Andersen, *Social Foundations of Post-Industrial Economics* (Oxford: Oxford University Press 1999), p. 4: “Existing institutional welfare arrangements heavily determine national trajectories [...]”, and Arts and Gelissen, op. cit., p. 140: “This suggests path-dependency [...], because the stratification outcomes of particular arrangements shape class coalitions, which tend to reproduce the original institutional matrix and welfare outcomes”.

<sup>52</sup> Rothstein, op. cit., chs. 5 and 6.

some will be better at managing them, or simply more lucky, so that worrying inequalities in the ownership of the means of production might arise over the course of peoples' lifetimes that need effective countering at their end. Keeping up redistribution thus requires taxing away, often in more or less one go, the private property whose value for the course of one's life the system itself emphasizes. So a degree of constant resistance to it is to be expected, as successful individuals have an interest to keep, and pass on to their descendants, the advantages they have earned on the market.

This is not a knockdown objection. If the respective political will exists, such resistance could be overcome. The point is simply that POD so conceived, would, to this extent, as opposed to UWS, not "generate its own support"<sup>53</sup>: the political will needed to stabilize it would have to be created by additional means.<sup>54</sup> This result therefore corroborates the case for UWS as the bedrock of social justice, also because it is plausible to suppose that proposals going beyond the welfare state, such as POD, will have a better chance of stable implementation if they can count on an already existing, solidarity-generating stability mechanism such as UWS's.

#### 3.4. *WSC and Political Equality*

The final area of inquiry, Rawls's critique of WSC's based on its incapacity to secure substantive political equality of citizens, still has to be tackled. The discussion will show that this is an objection that can indeed rightly be leveled against *all* forms of the welfare state; but that there is good reason to doubt that POD is the best remedy.

Recall, that, according to Rawls, WSC fails to guarantee the fair value of the political liberties as demanded by the first principle of justice, that is, substantively equal opportunity to participate in

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<sup>53</sup> Rawls, *Theory*, p. 119.

<sup>54</sup> White argues that POD might engender attitudes of 'individualism' and 'materialism' endangering its stability, and proposes a republican conception of citizenship mandating widespread citizen participation at different levels of government as a remedy; Stuart White, "Property-Owning Democracy and Republican Citizenship", in O'Neill/Williamson, *op. cit.*, pp 129-146. For arguments that POD-policies should be constitutionalized, see Alan Thomas, 'Property-Owning Democracy, Liberal Republicanism, and the Idea of an Egalitarian Ethos', in O'Neill/Williamson, *op. cit.*, pp. 101-128, p. 122; and Thad Williamson, "Constitutionalizing Property-Owning Democracy", *Analyse & Kritik* 35 (2013): 237-254. UWS needs none of these measures.

politics independently of one's position in the distribution of socio-economic advantage, because it permits undue concentration of ownership of the means of production, 'so that the control of the economy and much of political life rests in few hands'.

Confusingly, however, Rawls does not discuss in detail how POD would solve the problem. Instead, in a different discussion of the fair value of political liberties, he suggests a different remedy: that of "block[ing] the influence of wealth on politics"<sup>55</sup>, through means such as putting stringent limits on campaign spending, and public funding of parties and elections.<sup>56</sup> This remedy is not only entirely compatible with WSC as a regime type; many existing liberal democracies already implement such measures. It is also strikingly inadequate as a guarantee of substantive political equality, for two reasons. First, it is unclear how societies with market economies could in fact *block* all exchanges between the economic and the political sphere, as opposed to merely *constraining* them. For example, would all forms of political lobbying, in which citizens spend resources on a political cause, have to be prohibited? Even if that was feasible, it would be highly problematic from a liberal point of view.<sup>57</sup> From this point of view, the problem is not conversion itself, but the underlying socio-economic inequality it might reproduce or magnify. Societies should seek to constrain conversion, through measures such as recommended by Rawls, but the problem must also be tackled at the root.

Second, there is an even more direct route to the conclusion that severe inequalities in economic power will lead to, or constitute, unacceptable inequalities in political power, under WSC: since even the most redistributive welfare state leaves the structure of ownership of the means of production in place, insofar as it operates on an *ex-post*, tax-and-transfer basis, it is hard to see how it could guarantee political equality with regard to decisions about fundamental *economic* matters – in particular decisions threatening the interests of the owners of capital. The welfare state, insofar as it constitutes a compromise between capitalism and democracy, necessarily

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<sup>55</sup> O'Neill, *op. cit.*, p. 81.

<sup>56</sup> Rawls, *Justice as Fairness*, p. 149. For a largely sympathetic discussion, see O'Neill, *op. cit.*, pp. 83ff.

<sup>57</sup> Consider this case: even if I cannot donate for a political cause, I should be able to give some of my time. Would it be a problem if my savings enabled me to take unpaid holiday to free up this time?

encounters this problem.<sup>58</sup> Consider the “structural constraint”-argument:<sup>59</sup> under private control of the means of production, private investment decisions can significantly constrain democratic decision-making in economic matters, and may tilt them towards the interests of capital. For example, capitalists may threaten to invest much less if environmental taxes lower their prospective profits, thus making the decision to impose the latter harder to take. In the example, the interests of capital thus dominate environmental interests. No further conversion of economic into political power is needed. Rawls’s criticism of WSC with regard to political equality hence turns out to be well-supported.

How would POD fare with regard to this problem? POD would certainly do better on this score than WSC, where fewer capitalists’ control of greater shares of the means of the production means that their individual investment decisions count accordingly more, and can also be more easily coordinated to serve their interests.<sup>60</sup> However, there are three remaining problems: first, corporations will, under POD, still enjoy a coordination advantage. Even if we assume that enough individuals are sufficiently interested in getting organized politically for a variety of purposes other than maximizing the value of their shares, they still have to coordinate effectively to have adequate political clout. Second, if, as discussed above, POD entails that private productive property can be lost over the course of one’s life, individuals doing badly with their investments might thereby also lose equal opportunity for political influence. Third, POD faces the potential stability problem discussed above.

Other things being equal, the combination of workplace democracy for larger firms and democratic control of large-scale investment proposed by democratic, or liberal, socialism

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<sup>58</sup> Capitalism can be defined as markets in means of production. Concentration of the means of production is not a defining feature of it; that it allows for it arguably is.

<sup>59</sup> Cohen, *op. cit.*, p. 28.

<sup>60</sup> Vallier contends that POD is likely to do worse concerning political equality than WSC, but does not substantiate this sufficiently. On the one hand he claims that WSC can block the influence of wealth on politics, *op. cit.*, p. 20, but entirely overlooks the problems just discussed. On the other, his main argument against POD is that a government capable of regulating the economy in the manner required by POD will have “too much power”, and will therefore be dominatory, *ibid.* He doesn’t engage with the question of which conception of democracy should underlie POD; for work on this, see n. 54. The theories of democratic socialism and neo-corporatism discussed below hold that the power to make important economic decisions should be spread across different levels, and not be located in government alone, so are not vulnerable to this criticism, in this crude form.

therefore seems to be at an advantage over POD regarding political equality: it is specifically designed to address the problem. Rawls' mentions liberal socialism only very briefly:

“While under socialism the means of production are owned by society, we suppose that [...] economic power is dispersed among firms, as when, for example, a firm’s direction and management is elected by, if not directly in the hands of, its own workforce. In contrast with a state socialist command economy, firms under liberal socialism carry on their activity within a system of free and workably competitive markets.”<sup>61</sup>

Liberal socialism is properly regarded as a rival to POD, not as a possible supplement: while there is no reason to exclude that it could be accompanied by egalitarian redistribution of private property, it constitutes a principally different strategy for tackling the core issue of ownership of the means of production. Rawls’s definition of liberal socialism sits well with a proposal made by Joshua Cohen, according to which the range of society-wide democratic decision-making should be extended to investment decisions, which in turn influence the market behavior of worker-managed firms:

“[In] such a scheme, the share of national income to be devoted to investment and the desired pattern of that investment is fixed by public debate and decision. Those decisions are implemented by fixing the terms on which capital is rented to firms, but not by providing detailed directives about the conduct of those firms.”<sup>62</sup>

Describing such proposals as involving ‘public ownership’ is somewhat misleading, as they do not imply that the state has the kind of absolute control over property traditionally associated with ownership rights (which would thus lead to comprehensive economic planning); they rather propose a differentiation of control rights between investment and management of firms that does away with the traditional image of a property right.<sup>63</sup> If such a scheme can be implemented, it might also have a better chance of being stable than a more purely individualist POD: successful workplace democracy would have a good chance of engendering and sustaining among workers democratic and egalitarian attitudes, thus ‘generating its own support’; entrusting

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<sup>61</sup> Rawls, op. cit., p. 138.

<sup>62</sup> Cohen, op. cit., p. 40. See also Schweickart, op. cit. For a proposal that arguably straddles the line between liberal socialism and property-owning democracy, see John Roemer, *A Future for Socialism* (Cambridge (MA): Harvard University Press 1994).

<sup>63</sup> “The ownership atom is split”, Cohen, op. cit., p. 49 (crediting Joel Rogers for the phrase).

investment decisions to the democratic public would, in all likelihood, mean that there are specific political agents and associations (such as trade unions, or their analogues under such a regime) representing the interests of workers at this level, which will see it as their specific task to preserve such decision mechanisms.

Moreover, it is important to note that such a regime can be gradually approached. Examples of relatively modest institutions of workplace democracy are the German and Swedish co-determination laws mandating the presence of employee representatives on the supervisory board of large firms. Regarding society-wide political equality, a modest measure is the institution of democratic neo-corporatism: tripartite negotiation procedures involving trade unions, employer associations, and the state in a mediating role (as is characteristic, once more, of Sweden, and, to a lesser extent, Austria and Germany). Wage negotiations are the most important example of neo-corporatism in practice, but it need not be restricted to these. Insofar as participating associations are themselves democratically structured, neo-corporatism is not just a distributive mechanism for limiting socio-economic inequality, but improves political equality, as it subjects some aspects of (concentrated) ownership of the means of production to democratically mediated control.<sup>64</sup>

Ironically, while political equality accordingly marks the area where Rawls's criticism of WSC is unequivocally strongest, it is also the area where it is least clear how POD could stably solve the problem, compared to democratic (or liberal) socialist arrangements.

## CONCLUSION

The argument of this paper has, if sound, established the following conclusions. First, the best existing form of the welfare state, UWS, has a considerably better record in terms of justice than Rawlsian 'welfare state capitalism', which was shown to be a faulty construction. This is of

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<sup>64</sup> For a canonical statement of neo-corporatism see Gerhard Lehbruch, 'Introduction: Neo-Corporatism in Comparative Perspective', in: Gerhard Lehbruch and Philippe Schmitter (eds), *Patterns of Corporatist Policy Making* (London: Sage Publications 1982), pp. 1-28. For a discussion of how democratic neo-corporatism may engender "stability for the right reasons", see Waheed Hussain, 'The Most Stable Just Regime', *Journal of Social Philosophy* 40 (2009): 412-433.

interest not only to societies who are already characterized by UWS: the argument gives a reason for societies not yet in possession of it to reform their welfare states in this direction. Furthermore, and crucially, this is also the case because, due to its stability mechanism, such a regime promises to constitute a particularly good basis for attempting to implement policies going beyond the welfare state, where these are required by social justice. Hence, there are several reasons to move to UWS *first*: to regard this as the most urgent task of reform in the spirit of Rawlsian justice. Second, regarding such further-reaching measures, the argument has indicated a series of objections and challenges to POD, regarding its normative credentials, its expected stability, and its status and shape as a distinct regime type, or coherent institutional vision. It has suggested that a combination of more traditionally social democratic institutions and policies (UWS) and reform into the direction of democratic socialism might constitute the better implementation of Rawlsian principles than a more individualist POD. To be sure, the results of this second strand of argument are anything but conclusive; they constitute challenges for supporters of POD to further clarify both its proposed institutional shape and its expected normative merits. Third, at a methodological level, the general lesson of the argument, if sound, urges political philosophers to be careful regarding their use of imagined blueprints for the just society. This is not because a focus on blueprints, understood as ideal types of regimes, is necessarily overambitious, compared to a more modest focus on single policies. It is because, as this paper has sought to show, empirically informed ideal types based on existing arrangements can, if their normative credentials are good enough, provide sounder guidance for developing proposals for just reform.