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Review

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Review by: Joshua Cohen

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obligations (deriving the obligations themselves from practical reason); or, if duty theory *can* reverse the argument, b) that virtue theory is still, all things considered, better at making sense of morality than duty theory is. Becker does not attempt to show either in *Reciprocity*.

This review cannot, I'm afraid, do justice to the virtues of Becker's book—nor to its vices. Among the vices, I must mention a) a “bibliographical essay” at the back (the “Scholium”) that reads much like a compilation of footnotes (minus the helpful superscripts) and b) Becker's own short stories fattening the text like illustrations in a children's book (typographically distinct but more often entertaining than informative). Some will doubtless find these vices endearing (as I did not). But no one should make them an excuse for skipping this lively and useful book.

MICHAEL DAVIS

Illinois Institute of Technology

The Philosophical Review, Vol. XCVII, No. 3 (July 88)

CONTRADICTIONS OF THE WELFARE STATE. By CLAUS OFFE. Edited by John Keane. Cambridge, Mass., The MIT Press, 1984. Pp. 310.

Contradictions of the Welfare State is a collection of 11 essays by the German sociologist Claus Offe. It contains as well an interview with Offe by British political scientists John Keane (the editor of the collection) and David Held, and an excellent introduction to Offe's work by Keane. The essays are invariably interesting and often brilliantly insightful. Addressed to fundamental issues of social order and political legitimacy, Offe's work will be of considerable interest to political philosophers, philosophers of social science, and in fact to anyone with a more than passing interest in contemporary politics.¹

In *Contradictions*, Offe proposes an explanation of contemporary problems in advanced capitalist democracies—what is sometimes called “the crisis of the Keynesian welfare state”—and an evaluation of various strategies for addressing those problems. In this review, I will focus on the explanation. According to Offe, the welfare state is “contradictory,” and he seeks to explain its current crisis in terms of this contradictory nature. By a “welfare state” Offe means the system of political institutions in a capitalist society which deploys the instruments of monetary and fiscal

¹See also Claus Offe, *Disorganized Capitalism: Contemporary Transformations of Work and Politics*, ed. John Keane (Cambridge, Mass.: The MIT Press, 1985).

policy to ensure stable economic growth; which provides education and training programs to facilitate labor market participation and income support programs to protect citizens against the vicissitudes of the market; and whose legitimacy derives from popular consent organized through regular elections. By a “contradiction” he means the tendency of a system to undermine the conditions of its own preservation (pp. 132, 262). So the welfare state is contradictory in that there is a tendency, over the course of its development, for demands to be imposed on it—demands to ensure the stable growth of the economy and provide for the general welfare—that it needs to reconcile to maintain capitalist democracy, but that it cannot reconcile within the framework of capitalist democracy. “What the state is *required* to do becomes evidently *impossible* to accomplish unless either the private character of accumulation or the liberal democratic character of the polity are suspended” (p. 244).

Offe’s claims about the contradictions of the welfare state flow from his more general views about the contradictions of capitalism. In capitalist economies, human labor is treated as a commodity; it is bought and sold on the market. But despite this treatment, human labor is *in fact* not a commodity (pp. 82–83, 92–100, 262–263). This is so for two reasons each having to do with the inseparability of labor from its owner (p. 83). First, the owners of labor power are living beings, and it is important to the functioning of capitalism that they be kept alive even if they cannot sell their labor power on the market. Second, having sold their labor power, workers can express their “inextirpable subjectivity” (p. 83) by refusing to work. Avoiding such problems of motivation is also important to the functioning of capitalism. Thus because labor is not really a commodity, capitalist societies need non-market (“decommodified,” in Offe’s term) institutions to ensure the preservation of workers even when they cannot sell their labor, and to motivate workers to work. A general problem for capitalism is that the preconditions for the market functioning can evolve in ways that conflict with that functioning. So, for example, while some system of non-market income security is needed for the labor market to function properly, if welfare institutions provide “too much” security, then the labor market can break down as well.

All phases of capitalism thus require *some* decommodified framework of welfare institutions. But that framework need not take the specific form of a modern welfare state. The latter is a distinctive institutional solution to the general problem of maintaining capitalism, resulting in part from the evolution of capitalism and the associated destruction of a variety of earlier welfare institutions (extended families and churches), and in part from the political demands of mass parties and trade unions. But instead of overcoming the problems of capitalism, it “deepens” them (p. 263), reproducing the contradictory nature of capitalism within its own organiza-

tion and activity. This last point is central to Offe's view, and so bears special emphasis. Offe's theory of crisis is *political*, not *economic* (pp. 61, 134). He aims to show the limits on the capacity of the welfare state to "prevent and compensate for economic crises" (p. 61). To define those limits he does not need to show that economic crises are in principle unresolvable, but only that "there is no actor or agency within the capitalist mode of production that is sufficiently unaffected by those contradictions that are to be reconciled to be able to act in such a way as to counteract them" (p. 133).

Offe advances a number of considerations to support this thesis about the limits of political management. Most generally, he argues that while the dysfunctions resulting from the "private character of accumulation" increase the need for state intervention, the capacity of the state to respond to those dysfunctions is constrained because "state policy is not supposed to infringe on the primacy of private production" (p. 61). This general point is reflected in Offe's account of three sorts of crisis tendency associated with the welfare state. First, and most importantly, there are crises of legitimacy. The evolution of capitalism requires an expansion of state activities, and this expansion encourages growing citizen expectations—"a model of social relations that is liberated from the commodity form" (p. 144)—and in particular the expectation that their fate will not be determined by their market position. But the capacity of the state to meet those expectations is limited by the dependence of the state on the private economy, that is, by the fact that it draws its revenues from that economy, and that its policies may undercut the discipline of the market necessary to the healthy functioning of the economy. Thus while the state "provides the rudimentary model of organization of social life that is liberated from the commodity form," it faces problems of legitimacy because it is unable "to live up to the promise implicit in that model" (p. 143). Second, there are administrative (rationality) crises. Here the capacity of the state for consistent and coherent policy-making is undermined by "the substantive, temporal, and social expansion of administrative action" (p. 59), an expansion reflecting the growth of state involvement in the economy. Third, there are fiscal crises, resulting from the fact that the state requires increasing revenues to fund its activities while its access to those revenues is limited by the demands for resources in the private economy.

Pursuing the consequences of his account of the difficulties faced by welfare states, Offe considers the plausibility of market-oriented, corporatist, and socialist (statist and non-statist) solutions to those problems. The analysis of market-oriented solutions brings the central theme of the essays into sharp relief. Offe is skeptical about the programs of recommodification that have dominated political debate in the U.S., West Germany,

and England for nearly a decade—skeptical that they will realize “the vision of overcoming the welfare state and resurrecting a ‘healthy’ market economy” (p. 153), and skeptical that they would produce anything good if they did. Still, one strand of Offe’s diagnosis of the crisis of the welfare state coincides with the analysis advanced by the free-market conservatives who have urged recommodification. Both hold that the growth of the welfare state has significantly restricted economic growth, by providing non-market sources of income that weaken incentives to work, by imposing burdens of taxation and regulation that weaken incentives to invest, and by relying on schemes of deficit financing that crowd private capital out of financial markets (pp. 149–152, 197).

But Offe and the recommodifiers disagree in one crucial respect. According to Offe, the welfare state is the result of the normal evolution of capitalism, and not a consequence of constitutional failures or intellectual errors or the unruly passions unleashed by cultural modernism. And because it is the offspring of capitalist development itself, it is importantly irreversible: “The embarrassing secret of the welfare state is that, while its impact on capitalist accumulation may well become destructive (as the conservative analysis so emphatically demonstrates), its abolition would be plainly disruptive (a fact that is systematically ignored by the conservative critics)” (p. 153).

Offe’s analysis of the welfare state is illuminating and powerful, and it helped to spawn an important strand of neo-Marxist “theories of the state,” focused on the limited capacity of capitalist states to manage economies for the general welfare. But in the end Offe’s account is unsatisfying, both as a diagnosis of current problems and as an analytical elaboration of the thesis about the inner contradictions of the welfare state.

Concerning the diagnosis, Offe argues that the current crisis of the welfare state is best understood in “domestic” terms—that is, by abstracting from the international economy and the effects of its evolution on the functioning of particular systems. This is not the place for detailed assessment of alternative explanations of recent economic and political performance. But the purely domestic argument strikes me as highly implausible, in part because it fails to account for the striking convergence in the crises of different welfare states with quite different histories, in part because it does not work well as an explanation of the American case.

Consider the problems posed by the American case. Under the weakened economic conditions in the U.S. in the mid- and late 1970s, programs of taxation, regulation, and income support associated with the welfare state came under assault. It was commonly said that such programs imposed excessive costs on American business and were thus key sources of economic stagnation. But the American welfare state was (and remains) comparatively weak, with relatively low levels of taxation, regula-

tion, and social welfare spending. If the growth in the welfare state was the source of its general crisis, then the U.S. ought to have performed better than rivals with more developed welfare states over the past dozen years, which of course it did not. A more plausible account of weakening economic performance is that it was rooted in the declining competitive position of U.S. business in an increasingly integrated world economy. While it is certainly true that that weakening undermined elite support for the welfare state, it is not true that the *source* of the weakening lay, as Offe suggests, in the internal evolution of the welfare state.²

These difficulties in Offe's diagnosis, however, need not undercut the thesis that the welfare state is contradictory. But I do not think that this is successfully defended either. Offe does make a plausible (though hardly novel) case that welfare states have been expected to serve two masters—to ensure both stable economic growth and security against the vicissitudes of the market—and that they commonly face problems in trying to serve both. But problems do not themselves make for contradiction. To show a contradiction one needs to show that the tension between different requirements tends to grow and become unmanageable—for example, that the capacity of the state to intervene declines while demands for its intervention grow. But Offe's defense of this claim (see especially Chapter 1) is only sketchy. He offers an underdeveloped treatment of the sources of growing state intervention, gives insufficient attention to the details of current economic reordering and to the ways that the state's capacity to act can vary with shifting institutions, and relies on a series of highly speculative claims (pp. 56–61) about the declining capacity of the state to intervene.

At the heart of the sketchy defense is a point I mentioned earlier—that increased state involvement creates problems of legitimacy by ratcheting up citizen expectations. But Offe does not provide convincing reasons for thinking that those expectations could not be ratcheted back down again, for example as part of a “new social contract” signed in an environment of slow economic growth, stressing that citizens have civic duties and not merely individual entitlements, and implemented in a political environment featuring weak parties and virtually no mass organizations (see, how-

²For further discussion, see Joshua Cohen and Joel Rogers, *On Democracy: Towards a Transformation of American Society* (Harmondsworth, England: Penguin, 1983), Chapter 4; and idem, “‘Reaganism’ After Reagan,” *Socialist Register 1988*, eds. Ralph Miliband and Leo Panitch, forthcoming. For a general treatment of the conservative turn in U.S. politics, see Thomas Ferguson and Joel Rogers, *Right Turn: The Decline of the Democrats and the Future of American Politics* (New York, N.Y.: Hill and Wang, 1986).

ever, pp. 269–270).³ In the end his views about the “ratchet effect” derive, I think, from his confidence about a continuing expansion of popular commitment to equality and democratic ordering—at bottom from a confidence that people will reject the treatment of their labor as a commodity. But, contrary to Offe’s claims, such confidence is based on “utopian hopes” (p. 133)—or, better, on reasonable faith—and not on the more sociological considerations that provide the official focus of his argument.⁴

JOSHUA COHEN

Massachusetts Institute of Technology

³For recent efforts along these lines, see, for example, Democratic Leadership Council, *New Directions, Enduring Values* (Washington, D.C., no date).

⁴I would like to thank Joel Rogers for his helpful suggestions on an earlier draft of this review.

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THE FOUNDATIONS OF BIOETHICS. By H. TRISTRAM ENGLEHARDT, JR., New York and Oxford, Oxford University Press, 1986. Pp. xvi, 398, \$27.95.

There can be little doubt that bioethics has in the last decade become one of the most important branches of philosophy. It has dragged moral philosophy out of the wilderness and placed ethical concerns not only at the center of the philosophical stage but also in the national spotlight, certainly in America, the United Kingdom and Australia. Of course this has not been the work of philosophers concerned with bioethics alone. Rather the urgency and the glamour of the dilemmas of bioethics have themselves ensured that public attention be focused on bioethics.

It has often been remarked, and not without some justice, that philosophers have as much to gain from the resolution of bioethical dilemmas as have doctors or medical scientists. For while health care professionals gain help with the clarifying and resolution of their dilemmas, philosophers have been given an opportunity, unrivalled perhaps since Thales cornered the market in olive presses, to show that they can turn their abilities to practical problems if they choose.

It is then not surprising that philosophers who are also medical practitioners have a special role to play in bioethics, and one of the most prominent of this rare breed is Tristram Englehardt. His new book, while not as it claims, “the first full-scale treatment of the subject by a single author,” is nonetheless an impressive and distinguished contribution to this difficult